

GOVERNMENT OF RAJASTHAN



REPORT
OF THE
RAJASTHAN FINANCE ENQUIRY
COMMITTEE, 1958

सत्यमेव जयते

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INTRODUCTORY

The Finance Enquiry Committee was set up in February, 1957 by the Government of Rajasthan under order No. F. 4 (27) Plan/A/57, dated 19th February, 1957 with Shri N. Madhava Rau as Chairman and Shri G. S. Purohit, Shri Shyam Lal and Prof. M. V. Mathur as members. Shri Ram Prasad Ladha, Shri H. C. Mathur and Shri M. G. Kabra were appointed as members of the Committee later on.

Shri K. K. Sehgal was appointed Secretary of the Committee.

The following were the terms of reference:

(1) To review the trends of public expenditure in the State and resources available therefor;

(2) To examine the adequacy of the existing sources of revenue for meeting the progressively increasing expenditure with reference to the responsibilities of the State under the Constitution;

(3) To examine how far the existing taxation structure in Rajasthan is rational and equitable and suggest modifications required in the light of the pattern recommended by the Taxation Enquiry Commission;

(4) To suggest possible economies that could be effected in Government expenditure; and

(5) To review the State's Public Debt position, in particular, the effect of loans drawn from the Government of India on the financial position of the State.

A questionnaire approved by the Committee was circulated to Chambers of Commerce, Industrial and Commercial Associations, prominent individuals qualified to speak on the Committee's terms of reference, members of the State Assembly and members of Parliament from Rajasthan. At the same time, the fullest publicity was given to the questionnaire and a general invitation was issued to individuals and associations to present their views if they so desired.

In deference to requests received from the Chamber of Commerce and others, the dates originally fixed for the submission of replies were extended to the 30th September and subsequently to the middle of October, 1957.

While replies to the questionnaire were awaited, the office of the Committee was engaged in collecting information and preparing notes on a variety of subjects connected with the enquiry. During this period the Committee undertook tours to different centres. It visited Udaipur, Ajmer, Bharatpur, Jodhpur and Kotah. The Committee had an opportunity of discussing with officials as well as non-officials the various matters within its terms of reference. A list of such officials examined at these centres is appended.

At headquarters the Committee interviewed various Heads of Departments to record their views on matters concerning their respective Departments. The Committee also had the benefit in Jaipur of informal consultations with prominent representatives of trade and commerce.

The Committee held 35 meetings during the period of its enquiry.

We wish to place on record our gratitude to the persons and associations who took pains to reply to our questionnaire. Our special thanks are due to the various Heads of Departments and other Officers who supplied us with notes and detailed information relating to various matters relevant to our enquiry. In particular, we wish to express our deep sense of the value of the co-operation we have received from the Finance Department. The Finance Secretary was kind enough to place the services of Shri R. S. Agrawal, Budget Officer, at the disposal of the Committee for some time. Shri Agrawal under the guidance of the Finance Secretary prepared very useful notes for the use of the Committee and supplied information required by the Committee on various matters coming within the scope of its terms of reference.

We also wish to record our high appreciation of the assistance we have received from the Secretary, Shri K. K. Sehgal. For several months he had to attend to his duties in the Directorate of Economics and Statistics and in the Planning Department also. As Secretary of the Committee he has done his work with the keenest interest and devotion.

The other members of the staff also gave ungrudging attention to the duties entrusted to them.

*List of officials examined at the places visited by the Committee.**Udaipur.*

1. Shri S. D. Ujwal, I.A.S., Commissioner.
2. Shri S. R. Gadhok, Superintending Engineer, (Building and Roads).
3. Shri S. D. Shahi, I.P.S., Superintendent of Police.
4. Shri Mohan Lal Mathur, Dy. Director, Education.
5. Shri M. L. Sethi, Director, Mines and Geology.
6. Shri M. L. Kakkar, Block Development Officer.
7. Shri Jivraj Singh, R.A.S., Commissioner, Devasthan.
8. Shri A. Rathore, Principal, Agriculture College.
9. Shri Bhagwandas, Superintending Engineer, Irrigation.
10. Shri Harish Chandra, R.A.S., Commissioner, Corporation.
11. Dr. Sachdeo, Principal Medical Officer.
12. Shri Sultan Singh, I.P.S., Dy. Inspector General of Police.

Ajmer.

1. Shri Kamta Prasad, I.A.S., Commissioner.
2. Shri S. L. Kakkar, I.A.S., Collector.
3. Shri D. D. Upadhyay, Additional Commissioner.
4. Shri B. N. Sharma, Dy. Jagir Commissioner.
5. Shri G. S. Goswami, Industries Officer.
6. Shri R. L. Talwar, Excise and Sales Tax Officer.
7. Shri Adviappa, Executive Engineer, (Building and Roads).
8. Shri Prem Shankar, Director, Ayurvedic Department.

Bharatpur

1. Shri Gaya Nath, Tehsildar.
2. Shri C. L. Sharma, District Veterinary Officer.
3. Shri Fateh Singh, Assistant Commissioner, Excise and Taxation.
4. Shri Shanti Lal Gupta, Assistant Director, Social Welfare.
5. Shri S. N. Saxena, Dy. Director, Agriculture.
6. Dr. T. G. Mathur, Principal Medical Officer.
7. Shri V. D. Sharma, Collector.

8. Shri Bahadur Singh, Superintendent, Police.
9. Shri S. D. Kaushik, Principal, M.S.J. College.
10. Shri V. N. Calla, Executive Engineer, (Building and Roads).
11. Shri S. D. Sharma, Head Clerk, Co-operative Department.

Jodhpur.

1. Shri B. L. Rawat, I.A.S., Commissioner.
2. Shri R. D. Mathur, I.A.S., Collector.
3. Shri Achal Singh, R.A.S., Sub-Divisional Officer.
4. Shri Gopinath Rai, R.A.S., Agricultural Income Tax Officer.
5. Dr. D. G. Ojha, Principal Medical Officer.
6. Shri S. R. Gadhok, Superintending Engineer, (Building and Roads).
7. Shri Kushal Singh, Assistant Commissioner, Devasthan.
8. Shri V. K. Vyas, Assistant Director of Industries.
9. Shri Arjun Kotwani, Sales Tax Officer.

Kotah.

1. Shri Kamta Prasad, I.A.S., Commissioner.
2. Shri Surendra Singh, I.A.S., Collector.
3. Shri Maya Ram, R.A.S., Sub-Divisional Officer.
4. Shri Fateh Singh III, R.A.S., Assistant Commissioner.
5. Shri J. D. Vaish, Dy. Director, Education.
6. Shri Ratan Bihari Tyagi, Assistant Registrar, Co-operative Department.
7. Shri D. M. Mansaramani, Executive Engineer, Irrigation (Mechanical).
8. Shri Ram Narain Shukla, Colonisation Officer.

*Note:—*Besides the above officials certain members of the Legislative Assembly, press representatives, businessmen, advocates and prominent persons were also interviewed at these places.

PART I--General Review

CHAPTER I

REVIEW OF FINANCIAL POSITION

1—1. The State of Rajasthan came into existence as the result of a series of territorial changes which took place in rapid succession in 1948 and 1949. The States Reorganisation Act, 1956 made further changes but they were of a limited character, having for their object certain boundary adjustments and the incorporation of the former Part C State of Ajmer into the State of Rajasthan, in which it had been an administrative enclave. For all practical purposes, therefore, Rajasthan may be said to have assumed its present dimensions in 1949.

1—2. The new State comprised the territories of 23 former States and chiefships which had been governed, subject to the personal authority of the ruler in different degrees, under a diversity of laws and administrative practices which had to be standardised. Each State had its own body of officials who had to be absorbed in the service of the new State or to be retired on pension or otherwise. Rajasthan, on its formation was thus faced with the formidable problem of evolving a new and adequate machinery of administration out of heterogeneous elements. The problem was partly solved and the transition to the new order was effected to a large extent, by the end of 1950-51. So that in 1951-52 the first year of the First Five Year Plan, more or less settled administrative conditions had come to prevail.

1—3. It was not possible immediately to frame a regular consolidated budget for whole State. The budgets for the several covenanted States were kept in operation for several months and thereafter an interim budget was adopted for the remainder of the transitional period. The actual receipts for the period from 1-10-49 to 31-3-50 amounted to Rs. 652.53 lakhs and expenditure on Revenue Account to Rs. 794.42 lakhs.

1—4. A regular budget was framed for the first time for the year 1950-51.

Budgetary Position 1950-51 to 1955-56.

1—5. The following is an abstract of the budgetary position of the State (on Revenue Account) in 1950-51 and subsequent years:—

Period.	Total Revenue Receipts. (Rupees in lakhs)	Total Revenue Expenditure	Surplus or Deficit.
Actuals 1950-51	1460.53	1391.29	69.24
" 1951-52	1555.19	1574.76	—19.57
" 1952-53	1815.00	1598.46	218.54
" 1953-54	1888.50	1835.09	53.41
" 1954-55	2254.46	2065.00	189.46
" 1955-56	2397.25	2308.77	88.48
Budget estimates 1956-57	2498.96	2648.97	—170.01

1—6. The table shows that except for a small deficit in 1951-52, substantial surpluses (totalling Rs. 6 crores net) were realised during the period 1950-51 to 1955-56. It has, however, been pointed out that "Strictly speaking, the year 1955-56 has not ended with a surplus. The figures of receipts include an abnormal item of book adjustment of Rs. 327.65 lakhs relating to various funds created by the old States and hence the year should be regarded as having closed with a deficit of Rs. 239.17 lakhs". Even so, the net total result of the transactions of the period would still be a surplus of about Rs. 2½ crores. Until 1954-55 (inclusive) the annual increase of revenue was approximately Rs. 2 crores on the average, while the increase in expenditure averaged Rs. 1½ crores in round figures. In the year 1955-56, receipts fell owing to the abolition of inter State Transit duties (Customs) while expenditure on development schemes under the First Five Year Plan, then coming to a close, reached a record figure. Hence the emergence of a large revenue deficit, almost for the first time since the formation of Rajasthan.

1—7. Internal Transit duties which fetched a gross revenue of about Rs. 4 crores in the earlier year, were abolished in 1955-56 in pursuance of the Federal Financial Integration Agreement. The Sales Tax which was imposed in lieu of the Transit Duties fetched a revenue of Rs. 117.71 lakhs in 1955-56 and 250.00 lakhs approximately (including about Rs. 15.00 lakhs from Ajmer area) in 1956-57.

1—8. Since 1952-53, the State has been receiving substantial sums (about Rs. 1½ crores) as its share in Central Income Tax and Excise duties. This is a new and flexible source of revenue. Similarly, Central grants-in-aid (both recurring and *ad-hoc*) became

an increasingly noticeable feature of the State's annual resources. The increase of Rs. 2 crores under Land Revenue is due to abolition of Jagirs but the additional revenue is now appropriated for paying compensation to the ex-Jagirdars and other purposes incidental to the scheme.

1—9. The pattern of public expenditure had also changed. While development expenditure (Rs. 638 lakhs) was far less than non-development expenditure (Rs. 909 lakhs) in 1951-52, the position was reversed in 1955-56 when development expenditure (Rs. 1239 lakhs) was in appreciable excess of non-development expenditure (Rs. 1103 lakhs).

Budget Estimates 1956-57.

1—10. The Second Five Year Plan came into effect in 1956-57 and the original budget estimates of that year (though they lapsed on 31-10-56) contained figures relating to pre-organised Rajasthan which are comparable with the figures of 1951-52, the first year of the First Plan. The analysis of the two sets of figures underlines the revenue and expenditure trends noted above.

1—11. As against the total receipts which amounted to Rs. 1555.19 lakhs in 1951-52 the budget estimate for 1956-57 anticipated Rs. 2498.96 lakhs, indicating an increase of Rs. 943.77 lakhs or 60.69 per cent.

1—12. On the expenditure side, the actuals for 1951-52 stood at Rs. 1574.76 lakhs, against which the budget of pre-reorganised Rajasthan for 1956-57 provided Rs. 2668.97 lakhs, indicating an increase of 69.48 per cent., including Rs. 432.35 lakhs relating to the Second Five Year Plan.

1—13. Expenditure provisions made in the budget for 1956-57 included:

(1) Almost the entire cost (about Rs. 2 crores) of the measures of administrative reorganisation undertaken since 1949.

(2) The normalised expenditure of the First Five Year Plan amounting to Rs. 171 lakhs.

(3) Expenditure on new or continuing development schemes under the Second Five Year Plan, amounting to about Rs. 432 lakhs of which (excluding Central Grants-in-aid) Rs. 256 lakhs had to be found by the State.

1—14. The normal receipts would have covered the whole of the normal expenditure including items (1) and (2) above. It was in respect of the development schemes of the Second Plan (item 3) that they fell short of requirements, inspite of substantial Central assistance.

Capital Expenditure.

1—15. The details of Capital Expenditure from 1950-51 to 1955-56 (actuals) as well as the Budget estimates of 1956-57 are given in the table forming Appendix of the Memorandum presented to the Finance Commission and are reproduced below:—

Broad Details of Capital Expenditure from 1950-51 to 1956-57.

(Figures in lakhs of Rupees).

Head of account.	Actuals. 1950-51	Actuals. 1951-52	Actuals. 1952-53	Actuals. 1953-54	Actuals. 1954-55	Actuals. 1955-56	B. E. 1956-57
1	2	3	4	5	6	7	8
1. Irrigation ..	87.70	60.93	35.48	93.80	196.21	385.41	447.29
2. Water Supply ..	4.17	4.98	8.22	0.53	1.47	7.57	56.94
3. Bhakra Nangal Irrigation and Power Project	Included under Irrigation.	..	45.71	63.61	792.48	1043.86	397.71
4. Roads & Buildings ..	55.86	35.47	19.89	70.77	146.82	196.37	306.11
5. Electricity ..	44.85	41.92	22.52	32.50	13.27	19.89	197.10
6. Houses and Shops for displaced persons ..	..	..	18.96	18.13	7.89	2.56	(—)3.91
7. Grain Trading ..	..	413.87	(—)145.47	(—)12.18	39.93	(—)21.02	(—)6.45
8. Contingency fund ..	..	50.00	..	..	..	..	..
9. Apex Banks to finance Co-operative Societies ..	7.53	..	..	5.93	..	45.28	18.23
10. Agriculture Improvements ..	0.62	..	..	..	..	..	7.00
11. Commuted value of pensions ..	..	..	..	..	..	..	0.90
TOTAL ..	200.73	607.17	5.11	272.21	1198.07	1670.92	1420.92

1—16. Of the total amount of nearly Rs. 40 crores spent up to 1955-56 the largest item of expenditure relates to irrigation including Bhakra Nangal Multipurpose project and accounts for about Rs. 28 crores. The expenditure on roads and buildings amounted to Rs. 525 lakhs and that on electricity undertaking in the State to Rs. 175 lakhs.

1—17. It may be said that the capital expenditure incurred during this period was in the main devoted to productive undertakings or to grant of recoverable loans while the amount spent on unproductive projects (including Grain Trading) was relatively not heavy.

Assets and Liabilities.

1—18. On the formation of Rajasthan, investments aggregating Rs. 1937.27 lakhs were inherited from the covenanting States. Out of this Rs. 124.30 lakhs related to Trust Funds. Investments of the value of Rs. 261.38 lakhs were transferred to the Government of India under the Federal Financial Agreement. The Bank overdrafts of the covenanting States amounted to Rs. 397.29 lakhs. Thus the unencumbered liquid investments of the State on its formation were of the order of Rs. 11½ crores.

1—19. To finance the large capital programmes of the State, the Government had to supplement these resources by (a) borrowing from the Central Government (b) by raising a public loan of Rs. 3 crores in 1956, (c) by encashment of securities of the value of Rs. 288 lakhs and (d) by increased drawings on the Bank overdraft account. The aggregate of loans obtained from the Central Government till 31st March, 1957 stood at Rs. 4875.27 lakhs including Rs. 445.50 lakhs relating to relief and rehabilitation loans and Rs. 2022.43 lakhs for Bhakra Nangal Project.

Note.—The balances of these loans outstanding on 1-3-1957 are given in Chapter 30.

1—20. The Bank overdraft which amounted to Rs. 397 lakhs on the formation of the State, stood at Rs. 1063 lakhs on 31st March, 1957 while the investments still held on Government account were of the estimated value of Rs. 1516 lakhs.

Summary.

1—21. Since the formation of Rajasthan in 1949, the State budget has steadily grown in size and undergone changes of pattern, both in respect of receipts and expenditure. On the receipts side, it shows the effect of federal financial intergration and on the expenditure side, the impact of national planning. Revenue deficits and the beginnings of a permanent debt marked the close of the period under review.

Important Events.

1—22. The following were among the events and developments of the period which have a special financial significance:—

Federal Financial Integration.

Administrative Reorganisation.

Abolition of Jagirs.

The First Five Year Plan.

The Second Five Year Plan.

State's Reorganisation, 1956.

An account of these events is given in Chapters 2; 3, 4, 5, 6 and 7, respectively.



CHAPTER 2

FEDERAL FINANCIAL INTEGRATION

Its achievement and underlying principles

2—1. During the federal negotiations with former Indian States, “the most difficult issue which presented itself for consideration related to certain fiscal rights enjoyed by States which would be lost to them if they joined the Federation”. “The rulers insisted on the maintenance of the *status quo* in fiscal matters and refused to surrender any financial powers to the federal Government. This was the rock on which federation had foundered in 1939”.*

2—2: On the advent of independence the question again arose and demanded urgent solution. A special Committee with Mr. V. T. Krishnamachari as Chairman was appointed to investigate the possibilities of establishing a uniform financial system throughout India. The financial integration agreements with the States were the result of the labours of this Committee. The general principle postulated by the Committee was that the Central Government should function over the same range of subjects in the States as in the Provinces and that there should be equality in the basis of their respective contributions to the federal finances. The broad features of the Scheme were:

(1) That all federal taxes and revenues including Railway, Posts and Telegraphs and currency and Mints should be transferred to the Union.

(2) That Income Tax should be introduced in all the States at rates suited to local conditions and that it should be brought up to the full Indian level within a maximum period of five years.

(3) That internal customs duties should be abolished, it not immediately, within a maximum period of five years.

(4) That the States should cease to maintain military forces of their own and that the entire expenditure on defence

*The story of the integration of the Indian States—V.P. Menon—P. 453.

as well as on minor federal heads, e.g. Audit of Accounts, Census, etc. should be borne by the Union Government.

2—3. The Committee emphasized that except to the limited extent indicated in their report, the integration of the federal and State Finances should not be a gradual process.

2—4. It was agreed that during the initial period, any gap in States' revenues that might result from the adoption of the Scheme should be filled either by giving them appropriate grants-in-aid or by allowing them to receive their share of divisible Union taxes and duties, whichever was greater.

2—5. Although the new democratic Governments in the States (unlike their former rulers) were ready enough to surrender their military establishments and other expenditure obligations to the Union Government, they were reluctant to hand over to the Union growing sources of revenue (such as federal excises). As regards assets such as Railways, Telephones, etc. which had been built out of the revenues former States, they expected the Union Government to pay some compensation.

2—6. In the climate of mutual accommodation that came to prevail after independence, however, negotiations proceeded satisfactorily enough on the lines laid down by the Committee and financial integration agreements with all the States were concluded and came into effect from the commencement of the financial year 1950-51.

2—7. Financial parity as between States and Provinces, which had proved a baffling problem to Indian Constitution-makers in the nineteen-thirties, was thus achieved almost at one stroke by the Integration Agreements of 1950. These in turn, paved the way to the removal of all vestiges of distinction between Part A and Part B States in 1956 under the States Reorganisation Act.

Financial Effect—Rajasthan.

2—8. The consequences of financial integration, so far as the State of Rajasthan is concerned, were, in part, as follows:—

(1) The State Railways (the original cost of which stood at Rs. 13 crores) were transferred to the Union Government. Along with Railways the shares of Rajasthan of Rs. 85 lakhs in the Nagda-Muttra section of the former B.B. & C.I. Railway were also taken over by the Government of India.

(2) The State agreed to abolish within five years internal customs duties which were fetching a gross revenue of Rs. 400 lakhs.

(3) The State was relieved of a large amount of expenditure which the former covenantee States had been incurring on the maintenance of State Troops, Aerodromes etc.

(4) The audit of State accounts passed to an independent authority, the Comptroller and Auditor General of India.

2—9. Calculations made at the time (*vide* table given below) show that the federal expenditure of which the State was relieved exceeded by Rs. 46.59 lakhs, the federal revenue which it surrendered under the agreement. It was, therefore, arranged that the State Government should make a contribution of Rs. 120.00 lakhs in five years out of such surplus to meet the privy purse payments to the former rulers. The amount of this contribution was reduced from year to year and ceased finally in 1955-56. A statement showing "Federal" Revenue and "Federal" expenditure in the basis year 1949-50 is given below:—

Receipts.

	(Figures in lakhs of Rs.)
(i) Customs Duty on foreign trade	2.41
(ii) Corporation Tax	.18
(iii) Opium	2.08
(iv) Income-tax	13.54
(v) Central Excise	51.72
(vi) Railways (Net receipts)	163.25
(vii) Telephones (Net receipts)	.48
(viii) Post and Telegraphs (Net receipts)	1.07
(ix) Currency and Mint	—
(x) Interest on federal investments	—
(xi) Salt	12.70
Total	247.43

Expenditure.

(i) Cost of collection of land Customs Duty on foreign trade	0.87
(ii) Cost of collection of Central Excise Duties	2.21
(iii) Cost of collection of Income tax	0.27

(iv) National Highways	7.87
(v) Defence (I.S.F. Units only)	154.57
(vi) Aviation (maintenance of Aerodromes only)	.37
(vii) Metereology	.06
(viii) Archaeology	.48
(ix) Geology	—
(x) Patents, copy-rights, Trade Marks etc (—)	.21
(xi) Pensions to Military and other federal personnel	14.32
(xii) Audit and Accounts	12.53
(xiii) Employment Exchange	.30
(xiv) Privy Purse	100.38*
Total	294.02

2—10. Some of the provisions of the Agreement caused dissatisfaction to the State authorities and people and this feeling finds expression even now in official and non-official circles. Thus it is maintained that the State suffered serious loss by the Central Government taking over valuable Railway properties without paying any compensation for them. But this view ignores the fact that the Government of India is as much the successor Government of the former rulers in respect of railways and other "Federal" matters as the present State Government is their successor in respect of "State" matters. Both Central and State Governments are people's Governments.

2—11. The abolition of internal customs duties undoubtedly meant the sacrifice of a large slice of State Revenue. But it was the price that had necessarily to be paid for integration in the Union. Public opinion would not have tolerated the indefinite continuance of these barriers to internal trade. Neither the Joint Parliamentary Committee on Indian Constitutional Reform (1933-34) which had sympathetically examined this question, nor the Sirkar Committee (1947) of the Indian Constituent Assembly recommended the payment of any compensation for loss of revenue arising to a State by the abolition of its internal customs duties. The general view was that in such circumstances other sources of revenue should be found by the State Government. Although the proceeds of the Sales Tax

(*Includes Rs. 170,000/- being 80% of the privy purse payable to His Highness the Maharaja of Sirohi.)

imposed in this State are as yet insufficient to fill the revenue gap caused by the abolition of internal customs, there is every probability of their developing in course of time and proving adequate for this purpose. Meanwhile, the State is receiving liberal grants from the Centre.

2—12. "The armed forces and the Police were regarded as the two arms of the security service. With the withdrawal of the armed forces, the police had to be strengthened and against Rs. 142.50 lakhs before integration the police budget for 1956-57 stands at Rs. 300.48 lakhs which includes Rs. 57.79 lakhs on account of Rajasthan Armed Constabulary". An appreciable part of this expenditure is occasioned by the fact that Rajasthan has a common boundary of 700 miles with the State of Pakistan and that the maintenance of law and order in the sensitive border area is a matter of more than local importance. It involves responsibilities of a character which few of the Indian States have to shoulder. This is a consideration on which the State might well claim special assistance from the Central Government on the merits of the case, whether it arises or not out of the Federal Financial Agreement.

The validity of this claim has been recognised by the Finance Commission which has observed in its report (para 129) that "In our estimate of committed expenditure of these States (including Rajasthan) we have provided for the existing commitments for border Police. If, in future, its strength has to be increased or its equipment strengthened in any State, *ad hoc* assistance should be given to it."

2—13. The considerations on which Rajasthan was required to contribute for a period of five years to Central expenditure in payment of the privy purse of the Rulers have been referred to already. The State's liability on this account having ceased, it serves no purpose now to speculate whether the State might not have been treated with greater consideration in this matter.

2—14. With regard to payments made to the State on account of salt concessions granted to the Government of India clause 8 of the Financial Integration Agreement provides:—

"All salt compensation Agreements shall continue in force up to 31st March, 1950. The liabilities of the Government of India under these Agreements shall terminate with effect from the date of federal financial integration with the exception of payments as per the schedule annexed hereto which are of a commercial character, such as rent, whether payable in cash or kind, and royalties. The Government of Rajasthan will

be at liberty in respect of such continuing payments to enter into separate negotiations with the Government of India for their modification in such manner and to such extent as may be mutually agreed upon; such modifications will be effected from the 1st April, 1950."

2—15. The question of reopening these agreements, having regard to present conditions, will be referred to in a later chapter.

2—16. For a concrete appraisal of the effect of the Federal Financial Integration Agreement on the finances of the State, it is necessary to refer at this stage to the recommendations of the First Finance Commission and of the Gadgil Committee.

FIRST FINANCE COMMISSION.

2—17. Article 280 of the Constitution lays down that the President shall constitute a Finance Commission within 2 years from the commencement of the Constitution and thereafter on the expiry of every 5th year or earlier, as he may consider necessary, for making recommendations with regard to:—

- (a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them and the allocation between the States of the respective shares of such proceeds,
- (b) the principles which should govern the grants-in-aid of the revenues of the State out of the Consolidated Fund of India,
- (c) the continuance or modification of the terms of any agreement entered into by the Government of India with Part 'B' States, and
- (d) any other matter that may be referred to by the President.

2—18. Accordingly by an Order dated the 22nd November, 1951, the President constituted a Commission consisting of four members with Shri K. C. Neogy as Chairman.

2—19. The Commission made the following recommendations:—

1. Under Article 270 of the Constitution the percentage of the net proceeds of Taxes on income other than Agricultural Income-tax, except in so far as the proceeds may be attributable to 'C' States or to taxes payable in respect of

Union emoluments, to be assigned to the States should be @ 55% and out of this pool the share of the Rajasthan Government should be 3.50% .

2. Under Article 272 of the Constitution 40% of the net proceeds from Union Excise duties on Tobacco, Matches and Vegetable products should be distributed among the Part A and B States in proportion to their population according to the 1951 census and the share of Rajasthan be fixed at 4.41%.

3. No grant-in-aid is necessary for Rajasthan under Article 273 of the Constitution.

4. Under Article 275 (1) of the Constitution a total grant of Rs. 119 lakhs for a period of four years from 1953-54 to 1956-57 be paid to Rajasthan for the purpose of expansion of Primary Education in the State as follows:—

1953-54	1954-55	1955-56	1956-57	Total.
29.00	26.00	23.00	40.00	119.00 lakhs.

2—20. As a result of these recommendations the Rajasthan Government was entitled to about Rs. 289.00 lakhs per year on the average as against about Rs. 65 lakhs only, that the covenanting States had been getting previously from analogous sources. The actual amounts received are as follows since 1951-52:—

	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
Union Excise Duties .. ..	..	77.46	73.32	71.26	78.14	86.32
Income-tax	12.53	192.43	194.18	207.88	204.68	225.27
Grant for Primary Education .. ..	..	..	20.00	26.00	33.00	40.00
Total .. ..	..	289.89	287.50	305.06	315.82	334.19
Average			1612.46 302.49			

2—21. The average actual receipts thus work out to Rs. 302.49 lakhs as against 289.00 lakhs anticipated by the Finance Commission. Slight changes in the percentages allotted to the State were made under the States Re-organisation Act for the 5 months period of 1956-57. Estate duty is also distributed on the basis of the Income-tax formula and the actual receipts during the last three years have amounted to about Rs. 18.00 lakhs.

GADGIL COMMITTEE

2—22. In the Federal Financial Agreement between the State of Rajasthan and the Government of India there is a special provision with regard to the financial assistance to Rajasthan which runs as follows:—

“There is need for assistance to the State in connection with internal integration of its administration and services, and particularly in relation to its development in different directions, having regard to the fact that the State is backward in several respects as compared with Part ‘A’ States. The Government of India will undertake a systematic enquiry into the problem with a view to rendering financial and technical assistance at the earliest opportunity. It will not be enough if, as a result of FFI the State is treated in the matters of grants and other forms of assistance in exactly the same way as Part ‘A’ States.”

2—23. With a view to determine the extent of assistance under this clause the Government of India appointed a Part ‘B’ States (Special Assistance) Enquiry Committee in April, 1953 under the Chairmanship of Shri N. V. Gadgil. This Committee was of the view that so far as the development requirements were concerned, these had been considered while framing the First Five Year Plan by the Planning Commission. But there were some programmes which needed fresh consideration. In view of the peculiar difficulties in which the State Government were placed the Committee thought that a certain amount of initial financial help was still necessary and recommended that Central Loan Assistance for the First Five Year Plan to the extent of Rs. 150.00 lakhs be converted into outright grants and, in view of the dearth of administrative buildings, an *ad hoc* grant of Rs. 150.00 lakhs be given to Rajasthan.

CHAPTER 3

ADMINISTRATIVE REORGANISATION.

3—1. The following extracts from Chapter XXII of the 'Story of the Integration of the Indian States' by V. P. Menon bring out vividly the administrative problems which arose out of the political integration of the former States.

"It was in the Unions of States that the problem of administrative integration proved to be of the greatest complexity. The tasks confronting the Union Governments were many and varied. They had to divide the Union for administrative purposes into districts, talukas and tehsils etc. They had to create a central secretariat, with all its ramifications, throughout the Union. They had to find adequate and efficient personnel to run the administration from top to bottom. In this process, they had to screen the existing officers and to discharge, after payment of reasonable compensation, those who were unfit. The relative seniority of the officers had to be fixed and their pay and conditions of service to be made uniform throughout the Union. They had to bring the varying revenue systems of all the component States into one mould. Taxation had to be made uniform. The financial system including audit and accounts had to be reorganised. Boards of Revenue had to be constituted on the lines of those existing in the provinces. The judiciary had to be completely reorganised and High Courts on the model of provincial High Courts to be set up. Obsolete laws had to be repealed and central and provincial laws to be applied. Public Service Commissions had to be constituted. And, above all, even during this period of flux and transition, the daily tasks of administration the maintenance of law and order, the dispensing of justice, the disbursement of salaries, and the collection of State dues—had to be carried out with greater vigour and increased efficiency."

"The process of administrative integration in Rajasthan proved very difficult because at first there had been a Union, with Kotah as the capital; then there had been another, with

Udaipur as the capital; then it had become Greater Rajasthan, with Jaipur as the capital and later on, a whole Union, namely Matsya (which had itself been constituted from four States), had been amalgamated with it. The Rajasthan Union had an extensive frontier with Pakistan, which was at first guarded by the Indian Army and the Central Reserve Police; but in the end the Government of Rajasthan had to take over the responsibility and for this purpose we had to recruit, train and equip a military police force."

3—2. According to the ideas prevalent at the time and since, the pattern of administrative machinery of the Indian provinces was adopted in the new State Unions for securing efficiency. A State Secretariat, a Board of Revenue, and an elaborate District Organisation with a hierarchy of officials with the Tehsildar at the base and the Divisional Commissioner at the top was brought into existence. The setting up of a High Court on the model of the High Courts in the provinces and a Public Service Commission were required under the new constitution.

3—3. The abolition of Jagirs created an administrative lacuna which had to be filled by setting up in the Jagir areas administrative machinery of the same type as in Khalsa territories. Further, there was new legislation, e.g. in respect of labour and land tenures which called for largely extended establishments to administer them. The withdrawal of military forces from the control of the States authorities necessitated a large increase in the Police establishment, particularly on the frontier with Pakistan. The execution of a number of irrigation and road works and the development of social services under the First Five Year Plan, and outside the Plan also contributed largely to the expansion of Government establishments. The following figures show the number of Government employees in the year 1951-52, 1956-57 and 1957-58 (Budget Estimates):—

	1951-52	1956-57	1957-58
Officers	2,035	4,087	4,954
Ministerial Establishment	79,430	97,245	1,13,016
Class IV Servants	28,954	29,399	36,060
Total	1,10,419	1,30,731	1,54,030

3—4. At the same time the cost per employee in each grade has appreciably risen, as the following illustrative figures will show:—

Average Cost.

S. No.	Cadre.	1951-52				1957-58			
		Average Pay.	D.A.	Pension charges.	Total.	Average Pay.	D.A.	Pension charges.	Total.
1. Secy. to Govt. & equal posts ..		1121	100	229.2	1450.2	1277	*100	286.5	1663.5
2. R A S. ..		440	40	95.5	575.5	580	40	143.25	763.25
3. Other Gazetted Officers (Lecturer)		329	35	76.4	440.4	464	35	114.6	613.6
4. U. D. Cs. ..		139	30	34.6	203.6	151	30	38.3	219.3
5. L. D. Cs. ..		93	25	22.9	140.9	104	30	24.9	158.9
			20						
6. Sub-ordinates (Teachers) ..		39	15	7.6	61.6	47	25	9.5	81.5
7. Constable ..		39	15	8.5	62.5	40	20	9.5	69.5
8. Class IV ..		29	15	6.3	50.3	34	20	7.6	61.6

3—5. The scales of pay and dearness allowances in the former covenanting States were generally low. They had to be upgraded and unified scales of pay had to be evolved. This was done at an extra additional cost of Rs. 150 lakhs. Though the new scales of pay and dearness allowances were generally an improvement over the old scales, they were still very inadequate, considering recent increases in the cost of living. They compared unfavourably with the scale of salaries prevailing in Ajmer, formerly a Part 'C' State under the direct control of the Government of India, now incorporated in the State of Rajasthan. Early this year the Government found it necessary to announce a further enhancement of the dearness allowances, which though modest, has meant an addition of Rs. 65 lakhs to the recurring expenditure.

(*D.A. is payable up to Rs. 1,000/- and thereafter @ difference of pay and 1,100/- only).

CHAPTER 4

ABOLITION OF JAGIRS

4—1. In view of growing agitation for the abolition of Zamindaris and Jagirs in former British India, the framers of the Government of India Act, 1935 included provisions in that Act to protect these vested interests. The safeguards ceased to be operative on the enactment of the Indian Independence Act, 1947.

4—2. Meanwhile, at the instance of the popular ministries which were formed in 1946 some of the provincial legislatures had passed resolutions to the following effect:—

“This Assembly/Council accepts the principle of the abolition of the Zamindari system in this province which involves intermediaries between the cultivator and the State and resolves that the rights of such intermediaries should be acquired on payment of equitable compensation.”

Legislation for the abolition of Zamindaris has since been passed in almost all States and its validity has been ensured by amending the Constitution.

4—3. From the point of view of Government revenue and of efficient administration, the Jagir system of the type which prevailed in some of the ex-princely States was open to more serious objection than even the Zamindari. The initiative in the matter of reform in Part B States was taken by the Ministry of States of the Government of India. In the former State of Hyderabad, the estates of Jagirdars, including the estates of H. E. H. the Nizam were taken-over in 1949 and the amount of compensation and the mode of its payment were settled in consultation with the parties concerned.

4—4. For the States of former Rajasthan and Madhya Bharat a committee was appointed with Mr. C. S. Venkatachar, I.C.S. as Chairman to examine the questions connected with intermediary tenures and make recommendations.

4—5. The conclusions of the Venkatachar Committee may be summarised as follows:—

1. The Jagirdari system should be abolished and the collection of revenue from the Jagir villages should be taken over direct by Government and for purposes of abolition, Jagirs should be divided into those comprising one or more entire villages and those consisting of scattered plots or holdings.

2. Jagirdari rights are not property rights entitling Jagirdars to compensation. Jagirdars of entire villages should, however, be given rehabilitation assistance.

3. Jagirdars, Muafidars, etc. of holdings and plots should be allowed to enjoy the full income of their present Jagirs for a period of 12 years.

4. Tenants of Jagirdars and Muafidars, should be given protection against ejectment and should have fair rents fixed as soon as settlement operations are possible. However, interim arrangements pending the completion of the settlement were suggested.

5. Jagirdars should be allowed Khudkasht consisting of their present Khudkasht plus such area as may be acquired later, subject to a reasonable maximum to be determined for each area and subject to the condition that no Khudkasht shall be acquired by dispossessing any peasant of his land.

6. Ryots should have heritable rights, but their rights to transfer should be subject to restrictions, that the inheritance should not be according to personal law and subletting should be severely restricted.

7. In transfers of ryot's holdings and in the grant of new leases by Government, due regard should be paid to the necessity of creating economic and optimum holdings and to consolidate existing holdings.

4—6. The Rajasthan Land Reforms and Resumption of Jagirs Act, 1952, followed the general pattern of similar legislation elsewhere, the following being its main features:—

1. Common lands such as waste land, forests, village sites etc., which belonged to the Jagirdars vest in the State, but village sites are made over to the village Panchayats/Communities for management and development.

2. Home farm (Khudkasht) lands are generally left with the Jagirdar and lessees of these lands continue as tenants under the Jagirdar. Where the area held by a Jagirdar for personal cultivation falls short of a minimum extent he is allotted additional lands to make up the deficiency.

3. The Jagir tenants are brought into direct contact with the State, but they are not required to make any payments for the larger rights conferred on them. The assessment payable by them to the State is, theoretically, a sixth of the value of the gross produce of the land. This is also the maximum amount of rent which under the current tenancy law they would have to pay to the Jagirdars if they continued as Jagir tenants.

4. The Act provided for payment of compensation and grant of rehabilitation assistance to Jagirdars as detailed in Appendix 4-2.

4—7. These payments which, broadly speaking, ranged from ten to eighteen times the net income, were to be made in cash or in bonds (or partly in cash and partly in bonds) in 15 yearly instalments, which include interest at $2\frac{1}{2}$ per cent. on the unpaid amounts.

4—8. There were 1,83,351 Jagirs in the State with varying incomes as noted below:—

<i>S. No.</i>	<i>Income Group.</i>	<i>No. of Jagirs.</i>
1.	Rs. 3,00,000 and above.	3
2.	Rs. 50,000 to 3,00,000	64
3.	Rs. 10,000 to 50,000	457
4.	Rs. 5,000 to 10,000	578
5.	Rs. 2,000 to 5,000	1,566
6.	Rs. 1,000 to 2,000	2,065
7.	Rs. 200 to 1,000	9,971
8.	Rs. 1 to 200	1,68,647
		<u>1,83,351</u>

4—9. In addition to rendering various services which had become obsolete, the Jagirdars had been paying to the State Treasury by way of tribute an aggregate sum of Rs. 30 lakhs per year. Their annual income by way of rent and other receipts was nearly Rs. 300 lakhs.

4—10. About 6,700 Jagirs estimated to yield about Rs. 240 lakhs in the aggregate as land revenue have already been taken over. But more than 1,76,610 minor Jagirs yet remain to be dealt with. It is understood that all Jagirs with an income of Rs. 200 and upwards will be resumed during this year.

4—11. Revenue Settlement operations have been undertaken in respect of Jagir areas and as these operations are completed regular revenue administration is being set up. Considerable progress has been made in both these directions. It is stated that settlement work will be completed by December, 1958.

Financial Effect.

4-12. "Abolition of Intermediaries" as observed by the Planning Commission, "leads to increase in the amount of revenue accruing to the State. Compensation payments are financed out of such increases". Apart from these payments, heavy expenditure, both recurring and non-recurring, has to be incurred by the State in carrying out this measure of land reform. The ex-Jagir areas have to be surveyed and settled and agencies have to be set up for the collection of revenue and maintenance of land records.

4—13. The increase of revenue accruing ultimately to the State is estimated at Rs. 300 lakhs per year. Nearly four fifths of this amount is being already realised.

4—14. The total amount of compensation and rehabilitation grants payable to the Jagirdars when all their estates have been acquired will be of the order of Rs. 31 crores, exclusive of interest estimated at over Rs. 5 crores, or Rs. 36 crores in all. Against this a sum of about Rs. 245.44 lakhs has been disbursed so far, while the accrued liabilities awaiting discharge amount to Rs. 446 lakhs as detailed below:—

	<i>Rs. in lakhs.</i>
(a) Interim payments (due but not paid)	243.89
(b) Instalments payable on finalisation (this year)	91.90

(c) Interest (accrued but not paid)

110.16

445.95

or say

Rs. 446 lakhs.

4—15. The Jagir Commission for settling the claims of Jagirdars is estimated to cost Rs. 140 lakhs over 15 years. The expenditure on survey and settlement operations in the State during the past 6 years exceeds Rs. 2 crores. The ex-Jagir areas presumably account for the bulk of this expenditure.

4—16. Under recurring expenditure, the largest item is the introduction of regular revenue administration in the ex-Jagir areas, the eventual cost of which is estimated at Rs. 58.90 lakhs per year. The present level of expenditure under this head is Rs. 40 lakhs.

4—17. The Jagir areas being backward in respect of irrigation works, communications, educational and medical facilities the expenditure on these developments is likely to be relatively large but it is not directly connected with the resumption of Jagirs nor can it be easily assessed, apart from the development programme of the whole State.

4—18. As the Rajasthan Government pointed out in the Memorandum submitted by them to the Second Finance Commission "During the period of transition considerable expenditure will have to be incurred but after a period of 15 years there will be substantial addition to the revenue of the State".

Ajmer.

4—19. The facts and figures contained in the foregoing paragraphs relate to Rajasthan before its reorganisation in 1956. The position in Ajmer area is as follows.

4—20. The abolition of intermediary landed interests in Ajmer was effected by Ajmer Abolition of Intermediaries and Land Reforms Act, 1955. The provisions of this Act differ from the Rajasthan Land Reforms and Resumption of Jagirs Act, 1952 in the following respects:—

Rajasthan.

Ajmer.

1. Compensation and Rehabilitation grants are paid in Rajasthan. Only compensation grants are paid.

2. Administrative charges are deducted @ 25%. Only 20% in Ajmer. In cases below Rs. 2,000 no administrative charges are deducted.
3. No Income tax deductions are made in Rajasthan. Income tax deductions are made in Ajmer.
4. Compensation amount is calculated at 7 times of the net income. In Ajmer it is calculated on the scale given below:—
 1. On 1st 250 or less of net income, 16 times of such net income.
 2. On next Rs. 250 or less of net income, 15 times of such net income.
 3. On the next Rs. 500 or less of net income, 14 times of such net income.
 4. On the next Rs. 1000 or less of net income, 13 times of such net income.
 5. On the next Rs. 3000 or less of net income, 12 times of such net income.
 6. On the next Rs. 5000 or less of net income, 10 times of such net income.
 7. On the next Rs. 20,000 or less of net income, 8 times of such net income.
 8. For the balance of the net income, 6 times of such net income.
5. Payment in 15 yearly instalments. Payment in not more than 15 yearly instalments.

4—21. In Ajmer area, the estates of 5,768 intermediaries have been resumed and 10,144 still remain to be resumed. Total compensation to be paid will be Rs. 168 lakhs, interest Rs. 16.41 lakhs, annuity Rs. 14.55 lakhs—total Rs. 198.96 lakhs.

4—22. The normal expenditure on establishment (for 15 years) is Rs. 7.58 lakhs. So far up to the end of June, 1957 claims of 1741 intermediaries have been finally decided. The amount

determined as payable to these intermediaries comes to Rs. 84,53,162. The total amount of compensation paid up to the end of June, 1957 is Rs. 18,62,000. Amount of Interim compensation paid is Rs. 3,44,557. The land revenue assessed on the intermediaries whose estates have been resumed (5768) is Rs. 9,94,743. The revenue payable by the remaining intermediaries (10144) after resumption as roughly estimated is Rs. 90,000.

Delay in Payment of Compensation.

4—23. In Ajmer (which till recently was a Part C State) legislation for the abolition of intermediaries came into effect in 1956-57. During that year 5768 estates were resumed and the claims of more than 1700 intermediaries were finally settled.

4—24. On the other hand work in Rajasthan (excluding Ajmer) is proceeding very slowly. The Jagirdars are said to have been at one time remiss (or reluctant) in submitting their claims. But this does not explain the delay in disposing of the large number of claims that have been received. The present position is as follows:—

Total claims received.	4327
Total claims finalised.	78
Total claims under Scrutiny.	4249
Claims not yet received.	2360

4—25. In Rajasthan the resumption of estates commenced two years earlier than in Ajmer but the number of cases finalised is insignificant. The Jagir Commissioner is of opinion that the work could be greatly speeded up if he was given additional subordinate staff of 165 persons at a cost of Rs. 2,40,500 per year for a period of three years and that if this is done the establishment could thereafter be reduced to Rs. 1 lakh per year.

4—26. We are not in a position to go into the merits of this proposal but we observe that the establishment as now constituted (*vide* Appendix 4-1) costs Rs. 11.32 lakhs per year and does not seem to lack numerical strength. And if it has been able to finalise only 78** cases in three years (while over 1700 claims were finalised in Ajmer in one year with an organisation costing only about Rs. 70,000) the reasons for the poor progress must be sought elsewhere.

**The number of cases finalised up to 31-1-1958 is 900.

4—27. It has been said that “the Settlement Department has not been able to give corrected records in various tehsils and in several cases the delay is caused on account of non-availability of settlement records”. With greater co-operation between the Jagir and Settlement Departments, such difficulties ought not to arise. It is clearly necessary that the programmes of the two departments should be ~~loosely~~ closely co-ordinated.

4—28. The procedure followed by the department in dealing with claims seems to be complicated. Too much work is thrown on tehsil offices where nearly all the 4000 odd pending claims are said to be under verification.

4—29. The department purports (a) to help the Jagirdars to formulate their claims, (b) to safeguard the interests of Government by carefully verifying these claims and (c) to adjudicate on the claims if they cannot be settled by negotiation. These functions are as incompatible with one another as those of a prosecutor, defence counsel and judge and it is desirable that they should be separated by a suitable reorganisation of the department. Under existing arrangements, there is greater scope than is unavoidable for collusion between the Jagirdar and petty officials of the department while on the other hand, Government is left without a spokesman sufficiently detached from the department who could press the Treasury view point before the adjudicating officer or appellate authority.

4—30. There is one other matter that calls for notice in this connection. As stated already, there has been delay in determining the amount of compensation payable to Jagirdars whose estates have been taken over. And this state of things is likely to continue during the next few years. There will inevitably be a time lag, long or short according to circumstances, between the resumption of an estate and the determination and offer of compensation. When the final award is made, the Jagirdar has to be paid the current as well as the prior instalments of compensation which have accrued to him since the resumption of his estate, together with interest as per rules. The total demands to be met are certain to vary from year to year within wide limits and as they cannot be easily estimated in advance, they are apt to create budgetary uncertainties and upsets. The Jagir Commissioner thinks that the amount of compensation and other payments to Jagirdars will be about Rs. 4 crores during this year (and the next) as against the actual expenditure of Rs. 75.18 and 163.49 lakhs during 1955-56 and 1956-57 and the current year's (manifestly inadequate) budget provision of Rs. 160.00 lakhs,

APPENDIX 4-1.

Jagir Commissioner's Budget 1957-58.

Head-quarter staff.	Rs. 3,32,000
Allowances and Honoraria.	Rs. 1,25,650
District Establishment.	Rs. 4,71,900
Allowances and Honoraria.	Rs. 2,02,200
Total	Rs. 11,31,750

*Head-quarter staff.**Gazetted—*

Jagir Commissioner.	1
Additional Commissioners.	4
Assistant Commissioners.	2
Accounts Officers.	2
Total	9

Non-Gazetted—

Superintendent	1
Stenos.	6
Accountants.	5
Accounts Clerks.	8
Accounts Inspectors and U.D.Cs.	111
Lower Division Clerks.	115
Total	246

*District Establishment.**Gazetted—*

Dy. Collectors	16
----------------	----

Legal Advisers.	6
Liaison Officers.	18
	<hr/>
Total	40
	<hr/>
<i>Non-Gazetted—</i>	
Revenue Accountants.	185
Upper Division Clerks.	110
Lower Division Clerks.	155
	<hr/>
Total	450
	<hr/>

In addition also drivers, jamadars and peons.



सत्यमेव जयते

APPENDIX 4—2.

(a) *Amount of Compensation*.—The compensation payable to a Jagirdar shall be Seven times his net income.

(b) *Scale of Rehabilitation Grants*.—The rehabilitation grant shall be payable on the following scale:—

(1) Where the gross income of a Jagirdar does not exceed Rs. 5,000/-.

(a) If such gross income does not exceed Rs. 250/-, 11 times the net income.

(b) If such gross income exceeds Rs. 250/- but does not exceed Rs. 500/-, 10 times the net income.

(c) If such gross income exceeds Rs. 500/- but does not exceed Rs. 1,000/-, 9 times the net income.

(d) If such gross income exceeds Rs. 1,000/- but does not exceed Rs. 2,000/-, 8 times the net income.

(e) If such gross income exceeds Rs. 2,000/- but does not exceed Rs. 3,000/-, 7 times the net income.

(f) If such gross income exceeds Rs. 3,000/- but does not exceed Rs. 4,000/-, 6 times the net income.

(g) If such gross income exceeds Rs. 4,000/- but does not exceed Rs. 5,000/-, 5 times the net income.

Provided that for the purpose of calculating the rehabilitation grant payable to a Jagirdar falling in this category such marginal adjustment shall be made as will ensure that a Jagirdar having a higher net income does not get an amount by way of rehabilitation grant which is less than that payable to a Jagirdar having a lower net income.

(2) Jagirdars whose gross income exceeds Rs. 5,000/-.

(a) If such gross income exceeds Rs. 5,000/- but does not exceed Rs. 20,000/-, 4 times the net income.

- (b) If such gross income exceeds
Rs. 20,000/- but does not
exceed Rs. 30,000/-. 3 times the net income.
- (c) If such gross income exceeds
Rs. 30,000/-. twice the net income.

Provided that in respect of a Jagirdar falling in this category, the aforesaid multiples shall be so adjusted that the total amount of compensation and rehabilitation grant payable to such Jagirdars shall be equal to ten times the net income of his Jagir lands if such income were calculated under clause 4 of the Second Schedule of the Act and the deductions to be made under sub-clause (iii) of that clause were on the following scales:—

- | | |
|--|--------------|
| (1) On the first Rs. 5,000/- of gross income | 10 per cent. |
| (2) On the next Rs. 5,000/- of gross income | 15 per cent. |
| (3) On the next Rs. 10,000/- of gross income | 25 per cent. |
| (4) On the next Rs. 30,000/- of gross income | 40 per cent. |
| (5) On the balance of gross income | 50 per cent. |

3—Additional Rehabilitation Grant in lieu of Khudkasht.

Rent.—A Jagirdar entitled to a rehabilitation grant, who holds thirty acres of irrigated land or less of Khudkasht on the date of resumption, may, on application made to the Jagir Commissioner, be paid an additional rehabilitation grant for a period of fifteen years from such date equal to $12\frac{1}{2}$ per cent. of the rents assessed on such Khudkasht land in accordance with the provisions of section 6 or section 7.

CHAPTER 5.

THE FIRST FIVE YEAR PLAN (1951-52 to 1955-56.)

5—1. A detailed account of the scope of the Plan and of its progress and results is given in the note appended to this chapter. Here it is proposed to recapitulate some of the broad features of the Plan in order to indicate the extent of its impact on the State finances.

5—2. The Plan for the State of Rajasthan (before its reorganisation in 1956) provided for a total outlay of Rs. 6,049 lakhs—Rs. 2,547 lakhs for development schemes in the “State Plan” and Rs. 3,502 lakhs for “Centrally Sponsored Schemes”. There was a separate Plan for the then Part ‘C’ State of Ajmer with a total allotment of Rs. 401 lakhs, of which Rs. 319 lakhs was spent during the Plan period as detailed in Appendix 1.

Expenditure on the Plan.

5—3. The total outlay incurred on the Plan for Rajasthan (before reorganisation) was about Rs. 51 crores, comprising—

	(Rs. in lakhs).
(1) Expenditure on Bhakra and Chambal Projects (Common Works)	1939
(2) Expenditure on Centrally Sponsored Schemes, excluding the above mentioned Projects	1169
(3) Expenditure on “State Plan”	1987

5—4. This classification of Plan expenditure is based on the methods of financing and executing the different categories of development schemes. The Bhakra and Chambal Projects are, in the first instance, financed from Central sources and are carried out by special agencies responsible to the Central Government, so far as common works are concerned. For works which do not form part of the joint undertaking the States concerned provide the necessary funds and executive agencies.

5—5. The remaining “Centrally Sponsored Schemes” are carried out by the State agencies, though the schemes are subsidised, wholly or partly, as the case may be, by the Central Government.

5—6. The execution and financing of the “State Plan” Schemes are the sole responsibility of the State, though even for these schemes a considerable measure of Central assistance by way of loans and advances has been found necessary and has also been forthcoming.

Financing of State Plan.

5—7. Details about the sources from which the Plan outlay of Rs. 2,030 lakhs has been financed will be found in Appendix 2, which has been extracted from the Planning Commission’s recent “Review of the First Five Year Plan and Progress Report for 1955-56”. It will be seen that while central assistance for the Plan amounted to Rs. 13.6 crores, the contribution from the State’s internal resources was only Rs. 6.7 crores, of which Rs. 1.6 crores was derived from budgetary resources, the gap of Rs. 5.1 crores being covered by increasing the floating debt and by drawing down investments and cash balances.

5—8. The Planning Commission’s comments on the financing of the State Plan (foot notes in Appendix 2) draw attention to the fact that the State’s resources were appreciably re-inforced during this period, as a result of the awards of the First Finance Commission and the Gadgil Committee and also as a result of additional taxation measures. These gains, though partly off set by the abolition of internal customs duties in 1955-56 were still quite substantial; yet, the contribution to Plan expenditure from the State’s budgetary resources was only Rs. 1.6 crores. On the other hand there was an increase in development expenditure outside the State Plan, from Rs. 6 crores in 1951-52 to Rs. 11.2 crores in 1955-56.

Investment content of Plan expenditure.

5—9. As has been stated in the Second Plan document of the State, “Development Plans fall into two broad categories those that are directly productive and remunerative e.g. Irrigation and Hydro-electric Projects and those that are not directly remunerative e.g. Education and Health. Agriculture and Roads may be taken as coming between these two extremes”.

5—10. The Multipurpose Projects—Bhakra and Chambal—are obviously of the nature of investment. The outlay on these projects during the Plan period and Rajasthan's approximate share of it are noted below:—

<i>Project.</i>	<i>I Plan outlay. (Rs. in lakhs).</i>	<i>Share of Rajasthan.</i>
Bhakra	856.7	About 16%
Chambal	548.16	About 50%

5—11. Apart from the Multipurpose Projects, the Plan includes a large programme of irrigation works, of which a considerable number were completed during the Plan period, while others, which were in an advanced stage of progress, have been carried forward into the Second Plan and are likely to be completed within two or three years.

5—12. The expenditure incurred on all these works by 1-4-1956 was Rs. 1175 lakhs, (excluding Rs. 1939.14 lakhs spent on common works in Bhakra Project) against an estimated total outlay of Rs. 2954 lakhs required for the completion of the whole programme. Already an aggregate area of 5,00,000 acres is said to have been newly brought under irrigation, against the programme target of 7,68,715 acres. It is also being currently assumed that additional revenue, by way of water charges, will accrue from the works at the average rate of Rs. 10/- per acre of land benefitted.

5—13. These assumptions require close and detailed verification as has been suggested in another context. If they are found to be substantially correct, the expenditure on irrigation works in this State may be said to be a satisfactory investment.

5—14. The other important items of investment are the outlays on Power Projects (Rs. 123 lakhs) and on Housing Schemes (Rs. 69 lakhs).

5—15. The outlay under heads of development other than those mentioned above amounting approximately to Rs. 17/18 crores has to be regarded as current expenditure.

5—16. It would thus appear that, taking the total expenditure on the State Plan (including Bhakra and Chambal Schemes) at Rs. 51 crores, about two-thirds constituted investment outlay.

Plan Expenditure—Recurring Liability.

5—17. In implementing the Plan, a number of educational, medical, veterinary, and other institutions were established and various services of a permanent character were undertaken. The Post-Plan maintenance of these institutions and services involved recurring liabilities of the order of Rs. 171 lakhs, which have been included in the normal budget since 1956-57. Appendix 5-D of the appended note shows the commitments which have been thus normalised.

5—18. To the items mentioned in that Appendix must be added, for proforma completeness, interest charges on the borrowed and invested funds utilised for financing the “current expenditure” part of the Plan outlay. Taking these interest charges approximately at Rs. 40 lakhs, the “committed expenditure” on the Plan would be a little over Rs. 2 crores.



APPENDIX 5-1

Progress of Development Expenditure under the First Five Year Plan—Ajmer 1951-56.

(Rupees in lakhs.)

Head of development.	PROGRESS OF EXPENDITURE						Total Expenditure under State Plan.	Amount spent on Centrally sponsored schemes.	Total.
	Allotment.	1951-52	1952-53	1953-54	1954-55	1955-56			
1-Agriculture and Rural Development	..	67.89	6.32	5.93	5.39	18.86	26.19	62.69	66.69
Agriculture	46.00	5.33	4.47	3.72	16.39	16.57	46.48	46.48
Animal Husbandry	7.13	0.07	0.13	0.22	0.51	2.26	3.19	3.19
Forests	7.12	0.92	1.31	1.33	1.43	2.08	7.07	7.07
Co-operation	7.64	..	0.02	0.12	0.53	5.28	5.95	9.95
2-Irrigation & Power Projects	..	29.38	0.02	0.15	3.78	3.51	10.07	17.53	17.53
Irrigation Projects	29.38	0.02	0.15	3.78	3.51	9.94	17.40	17.40
Power Projects	0.13	0.13	0.13
3-Industry	..	1.70	..	..	..	..	..	2.17	2.17
Cottage Industry	1.70	..	..	..	..	..	2.17	2.17
4-Transport	..	21.65	0.60	1.15	3.26	6.23	9.87	21.11	21.11
Roads	21.65	0.60	1.15	3.26	6.23	9.87	21.11	21.11
5-Social Services	..	186.99	3.23	4.63	6.55	10.26	28.54	53.21	126.11
Education	106.37	..	..	0.04	1.00	9.72	10.76	75.24
Medical and Public Health	41.81	3.23	4.63	6.51	9.26	18.82	42.45	42.45
Housing	20.00	..	..	..	..	..	..	1.40
Labour and Welfare
Welfare of Backward Classes	18.81	..	..	..	..	..	..	7.02

6- Community Projects and N.E.S. (including Local Development works)	..	37.40	..	..	..	..	..	..	30.73	30.73
7- Miscellaneous	..	56.05	..	..	..	..	..	..	54.94	54.94
TOTAL	..	401.06	10.17	11.86	18.98	38.86	74.67	154.54	164.74	319.28

Source—Directorate of Economics & Statistics, Rajasthan.



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APPENDIX 5—2.

Financing of State First Five Year Plan. (1951-56).

(Rs. in Crores).

	1951-52	1952-53	1953-54	1954-55	1955-56	1951-56.
	(Accts.)	(Accts.)	(Accts.)	(Accts.)	(R.E.)	Total.
1. <i>Plan Expenditure</i> ..	2.0	2.2	3.4	5.0	7.7	20.3
(i) <i>Rev. Account</i> ..	1.1	1.5	1.3	1.5	1.6	7.0
(ii) <i>Capital Account</i>	0.9	0.7	2.1	3.5	6.1	13.3
2. <i>Budgetary resources</i> ..	(—)2.5	(—)0.6	3.5	2.1	(—)0.9	1.6
(i) <i>Balance from Rev. account</i>	0.3	3.4	1.4	2.8	(—)1.3	6.6
(ii) <i>Loans from public</i> ..	..	..	..	..	..	..
(iii) <i>State trading</i> ..	(—)4.2	1.5	0.1	(—)0.4	0.6	(—)2.4
(iv) <i>Deposits and other miscellaneous receipts on capital account</i> ..	1.4	(—)5.5	2.0	(—)0.3	(—)0.2	(—)2.6
3. <i>Central assistance for the Plan</i> ..	0.5	1.0	1.6	4.3	6.2	13.6
4. <i>Total resources (2+3)</i>	(—)2.0	0.4	5.1	6.4	5.3	15.2
5. <i>Gap in resources (1—4)</i>	4.0	1.8	(—)1.7	(—)1.4	2.4	5.1
6. <i>Gap covered by:</i>						
(i) <i>Increase in floating debt</i> ..	2.5	(—)0.1	(—)2.0	(—)1.1	2.5	1.8
(ii) <i>Sale of securities held in reserve</i>	0.7	1.5	(—)0.1	..	(—) 0.2	1.9
(iii) <i>Withdrawal from cash balances</i>	0.8	0.4	0.4	(—)0.3	0.1	1.4

1. The size of the Plan was increased on account of the following adjustments and additions:—

(Rs. in crores).

(i) Rajasthan Thermal Stations.	2.5
(ii) Additional Roads programme.	1.0
(iii) Additional Agricultural Schemes.	1.0
(iv) Scarcity Area programme.	2.5
(v) Power expansion.	0.8

(vi) Urban Water Supply.	0.3
(vii) Rural Water Supply.	0.2
(viii) Other miscellaneous adjustments (Net).	0.4
Total	<u>8.7</u>

The entire expenditure on items (ii), (iv), (v) and (vi), half the expenditure on item (vii) and Rs. 0.4 crores on item (i), were to be financed by additional Central Assistance of Rs. 5.1 crores.

2. The State Government gained about Rs. 2.8 crores per annum as from 1952-53 on account of the recommendations of the Finance Commission. It has also benefitted to the extent of Rs. 3 crores which it will receive by way of grants from the Centre as a result of the Gadgil Committee's Award. Of this, Rs. 1.5 crores would be adjusted against Central loan assistance originally allocated for the State Plan and the balance treated as an *ad-hoc* grant. The State Government is estimated to have utilised only Rs. 2.1 crores during the Plan period.

3. The State Government is estimated to have raised about Rs. 2.6 crores by way of additional measures of taxation during 1951-56 mainly from increase in tax on motor spirit, land revenue, irrigational rates and introduction of Sales Tax. General Sales Tax was introduced in the State only in 1955-56 and is expected to have yielded Rs. 1.4 crores during the year. On the other hand inter-state transit duties which yielded about Rs. 4 crores up to 1954-55 per annum were abolished with effect from 1955-56.

4. The increase in balance from revenue account in 1952-53 is attributable to the gain from the Finance Commission's Award. Negative balance in 1955-56 is due mainly to increase in development expenditure outside the State Plan, which has risen from Rs. 6.0 crores to Rs. 11.2 crores in 1955-56.

5. Heavy outflows under deposits and other miscellaneous capital receipts in 1952-53 are largely explained by the following:—

	(Rs. in crores)
(i) Loans to cultivators and for rehabilitation	0.5
(ii) Accounts current with States	1.8
(iii) Remittances	1.4
(iv) Suspense	1.7
Total	<u>5.4</u>

NOTE ON FIRST FIVE YEAR PLAN

1. In the year 1950-51, at the instance of the Planning Commission the First Five Year Plan was drawn up. A sum of Rs. 2546.60 lakhs was allocated under the State Plan to implement the various developmental schemes. In addition to this, allocations for Centrally Sponsored Schemes to be implemented in Rajasthan, amounted to Rs. 3502.60 lakhs; making the total outlay on the Plan as Rs. 6049.20 lakhs. The allocations for the different purposes were broadly based on the felt needs of the people. Development of water and power resources was a matter of top-most priority, both for achieving increased food production—the immediate need of the people, and for developing the over-all economy of the State. Therefore in the State Plan 41.63 per cent was allocated to this sector (See Appendix 'A'). The State being deficit in its food resources, 11.16 per cent. was allocated to agricultural and rural development. For the improvement of communications which were urgently needed in the State, as much as, 21.64 per cent. was allotted. The balance was allotted to social services sector, which covered Education, Medical and Public Health, Housing, Labour Welfare and Welfare of Backward Classes, including 1.51 per cent for industries.

2. The State of Ajmer that now forms part of Rajasthan had a separate plan. The total allotment for the First Five Year Plan in the erstwhile part 'C' State of Ajmer was of the order of Rs. 401.06 lakhs against which a sum of Rs. 319.28 lakhs was spent.

Expenditure on the First Plan.

3. The total allotment under the two Plans—Rajasthan and Ajmer—amounted to Rs. 6450.26 lakhs of which Rs. 2728.70 lakhs was under the State plan and Rs. 3721.56 lakhs under Centrally Sponsored Schemes. Against these allocations, the total expenditure was Rs. 3475.29 lakhs, besides an expenditure of Rs. 1939.14 lakhs on common works on Bhakra and Chambal Projects (Irrigation Sector).

4. Taking the Rajasthan Plan alone, against the total allotment of Rs. 6049.20 lakhs, the expenditure incurred was Rs. 3156.01

lakhs, of which Rs. 1986.52 lakhs was under the State Plan and Rs. 1169.49 lakhs under Centrally Sponsored Schemes. The expenditure incurred on the various groups of Schemes from year to year is indicated at Appendix 5-B.

Agriculture and Community Development.

5. The Schemes of Agricultural development were intended to bring about improvements in Agricultural practice and rural conditions, keeping in view the major objective of Community Development along with the immediate need for increased production, so as to secure in due course a balanced and integrated rural economy. The targets proposed in the Plan were to be realised through programmes relating to extension of cultivation, reclamation, irrigation and intensive farming based on the application of the results of research and modern farming techniques. The development of agriculture was achieved in two ways firstly, through increasing the acreage under cultivation by reclamation and secondly, through improving the yield per acre by expansion of irrigation, introduction of improved seeds, manures and improved agricultural practices. With the use of 199 tractors, 50,000 acres of land was brought under mechanical cultivation and 11,186 acres of land was reclaimed with which it was expected to obtain an additional production of 5,392 tons. 7,050 wells were constructed, 1,779 wells were deepened, 5 tube wells were bored and 348 pumping sets were installed covering an area of 35,250 acres, 3,468 acres, 1,500 acres and 1,392 acres securing an additional production of 10,065 tons, 968 tons, 43 tons and 403 tons respectively. By the end of the Plan period there were 4.75 lakh wells in the State irrigating 18.80 lakh acres of land as against nearly 4 lakhs wells in 1950-51 irrigating about 18 lakh acres of land. In the field of intensive cultivation, 6,961 tons, 8,743 tons and 833 tons of additional production was obtained through introduction of improved seeds, fertilizers and manures, respectively. The plant protection measures intensified during the plan saved 108,000 tons of crop worth Rs. 296.7 lakhs. Under agricultural education apart from the 4 Basic Agricultural Schools, one Agricultural College was opened at Udaipur.

Animal Husbandry.

6. Under live-stock improvement, 50 new dispensaries, 5 mobile dispensaries, one veterinary college and one biological products laboratory were opened. In addition to this, 3 Government cattle breeding farms were organised and a number of pedigree bulls were purchased and distributed to villagers for improving the local breeds.

Forests.

7. During the Plan period, afforestation of land was carried out over 2,354 acres and the work of demarcation and settlement of forests was taken up. Concessions were given to the scheduled tribes regarding forest produce and a number of trees were planted during Van Mahotasha. Besides, 8 game sanctuaries were started and rules in this connection were framed.

Co-operation.

8. In the field of co-operation, suitable, progressive and uniform co-operative legislation was enacted. The Apex Co-operative Bank for providing adequate finances to co-operatives and training schools to impart co-operative training, were set up. Also a number of central co-operative banks were established. The number of co-operative societies increased from 3,590 in 1950-51 to 6,916 and the membership increased from 1,45,290 in 1950-51 to 2,30,981 in 1955-56.

Rural Development.

9. The rural development activities were integrated in the Community Development and National Extension Service programmes which covered an area of 25,290 sq. miles with a population of 3,413 lakhs in 8,272 villages, which constitute 19.5 per cent, 26.9 per cent and 26.5 per cent of the total rural area, total rural population and number of villages of the State, respectively. The programme was an all embracing one and covered almost all aspects of the socio-economic life of the community. Besides agriculture and animal husbandry its activities covered drinking water facilities, rural sanitation, housing, communications, education, co-operation and peoples participation. The achievements in these different fields of activities can be seen from Appendix 5-C.

Irrigation.

10. Apart from the two multi-purpose projects of Bhakra and Chambal on which the work is said to be progressing satisfactorily, 377 irrigation works of major, medium and minor sizes were taken up during the plan period, of which 297 were completed. These works are classified as (a) Plan works, (b) Scarcity Area works and (c) Minor Irrigation works.

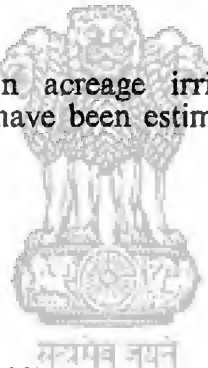
11. During the Plan period 119 Plan works were started of which 107 were completed. The total expenditure on the Plan works

during the years 1951-56 amounted to Rs. 397.25 lakhs. Twenty two scarcity area works were undertaken and Rs. 149.28 lakhs, were incurred during the Plan period but these works could not be completed during the First Five Year Plan. 236 minor irrigation works were started, of which 190 were completed by the end of the First Plan. Rs. 106.42 lakhs were incurred on these during the Plan period.

12. 12 Plan works, 22 scarcity area works and 46 Minor Irrigation works that were taken up during the First Five Year Plan being incomplete were carried over to the Second Plan. They were estimated to require a further outlay of Rs. 852 lakhs.

13. Due to the expanded irrigation facilities during the Plan period, nearly 5 lakh acres of more land are said to have been brought under cultivation—2 lakh acres by canals and 3 lakh acres by tanks.

14. The increase in acreage irrigated from the different schemes when completed have been estimated as below:—



	(On completion) acres.
(a) Multi-purpose	
(1) Bhakra	5,30,000
(2) Chambal	7,00,000
(b) Plan Schemes (119)	3,05,000
(c) Water Scarcity Area Schemes (22)	2,69,715
(d) Minor Irrigation works (236)	1,94,300

Power.

15. All the existing power houses were improved and their output was augmented both by the installation of additional equipment and renovation of the old. The Plan period saw the installation of four new small power stations by the State and one by a private agency. 22 diesel generating sets, 7 diesel engines, 8 boilers, 6 steam turbines were installed and two existing diesel engines, three diesel generating sets were repaired. 108 miles of transmission lines were laid down. This resulted in raising the installed capacity of the Power Houses from 15,000 k.w. in 1950-51 to 41,000 k.w. in 1955-56. Supply of Electric power was extended to rural areas also to a limited extent.

Industries.

16. Development of industries, especially cottage and rural industries, was provided for under the Plan. Training centres were established for persons working in Cottage Industries at Jaipur, Jodhpur, Bikaner, Rajgarh and Churu. A total of 1,744 trainees belonging to the displaced community were trained at the Industrial Training Centres. Another 200 boys were trained at the Village Handicraft Training Centre run by the Community Development Blocks. A board was set up to stimulate Handloom weaving by granting subsidies, imparting industrial training and by providing additional marketing facilities. Four mobile squads were set up to acquaint the weavers with the use of improved devices and methods in handloom weaving. A marketing organisation under which 3 Emporiums and 8 Sales Depots were working was set up to provide marketing facilities. A Board was established to develop Khadi and other rural handicrafts and several schemes for the development of sheep and wool Industry were implemented, among which the most important were—(1) Setting up of 40 extension Centres for clipping, grading and carding. (2) Opening of a centre to train the Extension Officers and wool supervisors and (3) setting up of a Wool Carding Centre which was also to help in the production of blankets and other allied wool products.

Roads.

17. 1,304 miles of new roads were added and 1,026 miles of the existing ones improved. Besides 69 miles of roads were improved under Centrally Sponsored Schemes. Also 177 miles of National Highway was improved. As a result of these, the total mileage in the State at the end of the Plan period as compared to 1951-52 was:—

	1951-52	1955-56
1. Cement concrete roads	14 miles	18 miles
2. Tarred Roads	524 miles	1414 miles
3. Metal Roads	2833 miles	1977 miles
4. Gravel Roads	2041 miles	2860 miles
5. Fair Weather Roads	5356 miles	4906 miles

18. Out of the total allotment of Rs. 551.00 lakhs a sum of Rs. 534.28 lakhs or 97 per cent. of the total allotment was spent during the Plan period. However, some works that were taken up

during the First Plan being incomplete were carried over to the Second Plan and Rs. 342 lakhs was provided in the Second Plan for their completion.

Education.

19. In the field of education 580 primary schools were newly started. 84 Primary Schools, 44 Middle Schools, 6 High Schools and 1 Inter College were upgraded to Middle Schools, High Schools, Inter Colleges and Degree College respectively under the State Plan. Besides this, 1,000 single teacher Primary Schools were opened to relieve unemployment of educated persons in the State under Centrally Sponsored Schemes. One Civil Engineering College, the first of its kind in the State, with Degree and Diploma classes for Electrical and Mechanical Engineering and Draftmanship was introduced to meet the increasing demand for technicians. Intensive development schemes were launched in Girwa Tehsil of Udaipur District. The Post-Basic Training College at Udaipur was given recognition. A Janta College under the aegis of Rajasthan Vishwa-Vidyapeeth, Udaipur was started, 5 Regional and 64 District Libraries were opened and 50 librarians were trained. In accordance with the recommendations of the Secondary Education Commission 25 Multi-purpose Higher Secondary Schools were opened. National Cadet Corps and Auxiliary Cadet Corps were also strengthened. Facilities for teachers training were improved and liberal grants were given to private institutions doing important cultural and educational work.

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Medical and Public Health.

20. Under Medical and Health, the Plan period witnessed a net addition of 48 dispensaries in the State. 18 Child Welfare and Maternity Centres along with 4 Family Planning Centres were started. Facilities for training of Nurses and Midwives were provided. Anti-malarial operations were started and a population of about 13 lakhs in 3,223 villages were covered by it.

21. 9,509 works were undertaken in rural areas to provide adequate and pure water for drinking purpose and Rs. 119.92 lakhs was incurred during the Plan period. Urban Water Supply Schemes were sponsored and completed at 5 important towns in the State. Supply Schemes were prepared and handed over to respective Municipalities at 17 Stations in Rajasthan. In addition to this, water supply schemes were initiated at nineteen places during the First Five Year Plan which, being incomplete, were carried over to the Second

Plan and Rs. 126.1 lakhs was earmarked in the Second Five Year Plan for their completion.

Housing.

22. In the field of housing 2,500 structures of stone and mortar designed to serve as dwelling houses for persons in the low income group were constructed during the First Five Year Plan. The construction work in the industrial areas of Jaipur, Pali and Bhilwara was also in progress.

Labour and Welfare.

23. Two Labour Offices and 11 Labour Welfare Centres were started through which 446 adults and 6,377 children were educated. 11 Radio Sets were installed and 142 film shows arranged. Free distribution of milk to 5,979 children was also arranged.

Social Services.

24. On the side of social welfare, 105 Schools, 6 Hostels and 60 Social Education Centres were opened for the Welfare of Scheduled Tribes. Besides this, 15 Primary Schools were converted into Basic Schools. 8 Industrial Centres and 7 Palm Gur Centres were started in the tribal tract comprising the districts of Banswara, Dungarpur and Partabgarh Sub-Divisions of Chittor District. 3 Publicity units were established to give wide publicity to the plan activities. 3,556 Scholarships were awarded to the candidates belonging to Scheduled Tribes and 558 families were given grants for Rehabilitation and Housing. 5 Dispensaries were opened for the Welfare of Scheduled Tribes. Aid for repairs and construction of 7,339 wells for irrigation purposes was given and grant-in-aid was sanctioned to 3 voluntary agencies working for the benefit of Scheduled Tribes.

25. For the benefit of Scheduled Castes and the removal of untouchability 5 Primary Schools, 83 Adult Night Schools, 34 Sanskar Kendras and 12 Training-cum-production Centres were started. 14,514 Scholarships were awarded to candidates belonging to Scheduled Castes. One Publicity Unit was established and aid was given for improving 263 drinking water wells and for housing purposes to 115 families.

26. Aid was given to 123 Municipalities and Panchayats for ameliorating the condition of Scheduled Castes.

27. 16 Basic Schools, 7 Industrial Centres, 5 Hostels, 2 Publicity Units, 37 Social Education Centres and 6 Dispensaries were established to cater to the needs of other Backward Classes. 345 families were granted rehabilitation and housing grants. This included the permanent resettlement of the Gadulya Lohars. 6,105 wells were repaired and completed. Grant-in-aid was given to one voluntary agency doing work for the welfare of backward classes.

28. 4 Basic Schools, 6 Industrial Centres, 5 Hostels and 17 Social Education Centres were started to ameliorate the condition of ex-criminal tribes. 818 families of ex-criminal tribes were granted rehabilitation and housing grants.

Financial Resources under the First Plan.

29. In fixing the plan for the State the Government had anticipated revenues as follows:—

(a) Budgetary resources.	5.1 crores.
(b) Central Assistance.	14.0 crores.
Total.	19.1 crores.

But actually the State could get the following funds:—

(a) Budgetary resources.	1.6 crores.
(b) Central Assistance.	13.6 crores.
Total.	15.2 crores.

30. The State Government could cover the gap to implement the Plan schemes by raising revenue from the following sources:—

1. Increase in floating debt.	1.8 crores.
2. Sale of securities held in reserve.	1.9 crores.
3. Withdrawal from cash balances.	1.4 crores.

Committed expenditure at the end of 1955-56.

31. The recurring commitment at the end of 1955-56 on account of the Plan is estimated at Rs. 1,71,04,000 vide Appendix 5-D.

Expenditure on Revenue and Capital Account.

32. Of the total plan expenditure of Rs. 20.4 crores, Rs. 7.0 crores were incurred on revenue account while Rs. 13.4 crores on capital account. Appendix 5-D, shows the progress of expenditure under these accounts.



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Outlay under the First Five Year Plan, Rajasthan 1951-56.

(Rupees in Lakhs).

Sector and head of development.	STATE PLAN.		CENTRALLY SPONSORED SCHEMES.		TOTAL PLAN OUTLAY.		
	Rupees.	Percentage to total.	Rupees.	Percentage to total.	Rupees.	Percentage to total.	
	1	2	3	4	5	6	7
1. Agriculture & Rural Development	..	284.30	11.16	175.00	5.00	459.30	7.59
1. Agriculture	..	215.00	8.45	175.00	5.00	390.00	6.45
2. Animal Husbandry	..	28.30	1.11	..	..	28.30	0.46
3. Forests	..	21.00	0.82	..	..	21.00	0.34
4. Co-operation	..	10.00	0.39	..	..	10.00	0.17
5. Rural Development	..	10.00	0.39	..	..	10.00	0.17
2. Irrigation and Power Projects	..	1060.40	41.63	2677.00	76.43	3737.40	61.79
1. Irrigation	..	693.30	27.22	2085.87	59.55	2779.17	45.95
2. Power Projects	..	367.10	14.41	591.13	16.88	958.23	15.84
3. Industries	..	38.50	1.52	14.90	0.43	53.40	0.88
4. Roads and Transport	..	551.00	21.64	54.00	1.54	605.00	10.00
1. Roads	..	550.00	21.60	54.00	1.54	604.00	9.98
2. Transport	..	1.00	0.04	..	..	1.00	0.02

	1	2	3	4	5	6	7
5. Social Service.	..	612.40	24.05	368.70	10.52	981.10	16.22
1. Education	..	273.50	10.74	116.20	3.31	389.70	6.44
2. Medical	97.70	3.84	..	..	97.70	1.62
3. Public Health	..	193.20	7.59	..	..	193.20	3.19
4. Housing	..	2.00	0.08	117.20	3.35	119.20	1.97
5. Labour Welfare	..	3.80	0.14	..	..	3.80	0.06
6. Welfare of Backward Classes and Social Welfare	..	42.20	1.66	73.80	2.11	116.00	1.92
7. Local Development works	61.50	1.75	61.50	1.02
6. Community Projects & N.E.S. Blocks	213.00	6.08	213.00	3.52
TOTAL	..	2546.60	100.00	3502.60	100.00	6049.20	100.00

Source : Directorate of Economics and Statistics, Rajasthan.

APPENDIX 5-B.

Progress of Development Expenditure, under the First Five Year Plan

Rajasthan 1951-56.

(Rupees in lakhs).

Head of Development expenditure.		1951-52	1952-53	1953-54	1954-55	1955-56	Total
1		2	3	4	5	6	7
1. Agriculture and Rural Development		11.80	28.34	40.91	54.06	86.03	221.14
1. Agriculture	..	..	..	..	..	..	..
2. Animal Husbandry	..	9.50	26.00	36.23	42.67	50.00	164.40
3. Forest	..	..	..	..	5.83	15.79	21.62
4. Co-operation	..	..	..	2.20	3.20	13.90	19.30
5. Rural Development	..	0.30	0.59	0.43	0.62	5.22	7.16
	..	2.00	1.75	2.05	1.74	1.12	8.66
2. Irrigation and Power Projects.		110.39	124.04	221.24	322.50	519.63	1297.80*
1. Irrigation	..	70.31	103.93	190.41	311.89	497.94	1174.48
2. Power Projects	..	40.08	20.11	30.83	10.61	21.69	123.32
3. Industry		3.98	5.00	7.14	8.29	19.26	43.67
1. Cottage Industries	..	3.98	5.00	7.14	8.29	19.26	43.67
4. Transport		15.50	38.40	105.30	177.53	197.55	534.28
1. Roads	..	15.50	38.40	105.30	177.53	197.55	534.28
2. Transport	..	..	..	..	..	..	..

1	2	3	4	5	7	7
5. <i>Social Services</i>	..	86.18	103.00	165.52	355.08	785.76
1. Education	..	40.79	57.69	85.68	95.49	334.30
2. Medical and Ayurvedic	..	13.30	13.30	13.71	22.90	71.91
3. Public Health	..	12.00	18.58	39.59	131.71	214.59
4. Housing	..	3.00	..	2.00	63.89	68.89
5. Labour	0.16	0.56	1.02	1.74
6. Welfare of Backward classes	..	6.89	13.27	23.98	40.07	94.33
6. <i>Community Projects and N.E.S.</i>	92.03	134.24	273.36
TOTAL	..	217.65	284.04	522.60	1311.79	3156.01

*Excluding Rs. 1939.14 lakhs on common works—Bhakra Project.

Source :—Directorate of Economics and Statistics, Rajasthan.

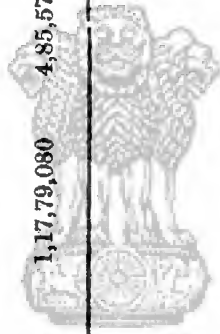
APPENDIX 5-C.

Physical Achievements in Community Development and National Extension Service Blocks.

PHYSICAL ACHIEVEMENTS DURING						
Items	Unit	Plan period	1952-53	1953-54	1954-55	1955-56
1	2	3	4	5	6	7
<i>Agriculture :—</i>						
1. Compost pits dug	No.	158935	13392	64682	63517	17344
2. Fertilizers distributed	Mds.	83968	12503	15690	29913	25856
3. Seeds distributed	Mds.	183352	3218	20713	54444	104977
4. Agricultural implements distributed	No.	11641	264	2224	3270	5883
5. Demonstrations held	No.	31987	1193	6101	15522	9171
6. Trees planted	No.	1995673	328454	326274	1164167	176778
<i>Animal Husbandry :—</i>						
7. Castrations done	No.	46084	1237	13041	19487	12319
8. Pedigree bulls supplied	No.	115	1	22	62	30
9. Pedigree birds supplied	No.	839		125	244	470
10. Inoculations and vaccinations	No.	977395	16580	193470	292460	474885
<i>Irrigation and Reclamation :—</i>						
11. Additional area irrigated	Acres	34291	6283	10473	10741	8795
12. Wells constructed	No.	6415	133	2014	3300	968
13. Wells renovated	No.	5412	177	1454	2873	908
14. Area reclaimed	Acres	36496	4132	7831	17190	7343

1	2	3	4	5	6	7
<i>Health and Rural Sanitation :—</i>						
15. Persons given medical aid ..	No.	1335855	19422	391317	561110	364006
16. Soak pits dug ..	No.	13516	22	5360	5058	3076
17. Sanitary drains constructed ..	Yds.	504472	391	3401	33061	13619
<i>Drinking water Supply :—</i>						
18. Wells constructed ..	No.	1897	30	509	976	382
19. Wells renovated ..	No.	1666	53	456	765	392
20. Wells disinfected ..	No.	29546	879	8627	14632	5308
<i>Education :—</i>						
21. New Schools opened ..	No.	705	115	154	235	210
22. Schools converted into basic Schools ..	No.	181	9	29	67	76
23. School Building constructed ..	No.	554	38	150	221	145
<i>Social Education :—</i>						
24. Adult Centres started ..	No.	1908	140	432	710	626
25. Adults under training ..	No.	48843	2200	6578	17217	22848
26. Recreation and Physical Centres ..	No.	1360	15	282	627	436
27. Libraries opened ..	No.	761	12	195	368	186
28. Vikas Mandals opened ..	No.	4172	85	1965	1489	633
29. Young Farmers' Clubs organised ..	No.	895	4	85	377	429
30. Community Radio Sets installed ..	No.	349	14	66	126	143
<i>Communications :—</i>						
31. Roads constructed ..	Miles	2204	72	425	1211	496
32. Culverts and causeways constructed ..	No.	807	..	223	308	276

1	2	3	4	5	6	7
<i>Housing :—</i>						
33. Village Houses constructed	..	No.	..	1541	2283	1467
<i>Co-operation :—</i>						
34. Co-op. Societies opened	..	No.	26	712	857	429
35. Panchayats undertaking work	..	No.	10	97	376	208
<i>Peoples participation :—</i>						
36. Labour, cash and other contributions		Rs.	4,85,579	15,38,924	80,37,187	17,17,390



APPENDIX 5-D.

Details of items of recurring liability of First Five Year Plan
transferred to Normal Revenue Budget.

Budget head and particulars.	Amount (Rs. '000)
1	2
37—Education.	
Art Colleges (men)	189.00
Art Colleges (women)	23.40
M.B.M. Engineering College	391.00
Teachers' Training College, Bikaner	17.00
Schools raised to higher standard	2120.97
Multipurpose Schools	1050.00
New Schools opened under I Plan	1852.00
Senior Basic Middle Schools	24.40
10 Middle Schools converted into Basic Schools	37.78
Educational Programme to relieve educated unemployment	2082.00
Basic Education	637.70
National Cadet Corps	391.00
Expenditure on teachers attending Training courses	880.00
Adult Education	100.00
Conferences	10.00
Library Services	194.00
TOTAL	10000.25
38—Medical.	
Medical College, Jaipur	567.00
Sawai Mansingh Hospital	573.00
Training Schools for Nurses	59.00
Special diet kitchen in Medical College, Jaipur	7.00
TOTAL	1206.00
39.—Public Health.	
Expenses in connection with epidemic diseases :—	
(1) Malaria	308.50
(2) Anti Epidemic operations	46.50
TOTAL	355.00
40.—Agriculture.	
Agriculture Schools	101.00
Cost of Training outside Rajasthan	5.00

1	2
Agricultural Experiment and Research	141.00
Plant Protection Schemes	260.00
S.K.N. Agricultural Institution, Jobner	91.00
Grow More Food Schemes	487.00
TOTAL ..	1065.00

41.—*Veterinary.*

Veterinary Education and Research :—

(1) Veterinary College, Bikaner Hospitals and Dispensaries	365.80
(2) Opening of new Dispensaries	167.20
(3) Mobile Veterinary Dispensaries Breeding operations	50.90
(4) Gaushala Development Scheme	22.00
<i>Deduct</i> —50% share of expenditure recoverable from Central Council of Gosamvardhan .. (—)	11.00
(5) Mass Immunisation of Cattle	64.30
(6) Breeding of Indigenous Bulls	209.90
<i>Other Charges</i> :—	
(7) Production of Vaccine and Serum	67.00
(8) Key Village	85.90
<i>Deduct</i> —50% share of expenditure recoverable from Government of India (—)	43.00
(9) Ghee testing Scheme	10.00
TOTAL ..	989.00

42.—*Co-operation*:—

Grants-in-aid:—

(1) Grants-in-aid to Co-operative Societies	100.00
<i>Other Charges</i> :—	
(2) Co-operative education	186.00
TOTAL ..	286.00

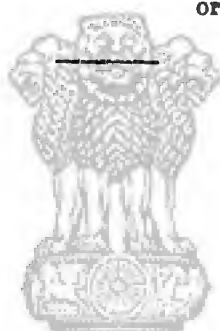
43.—*Industries and Supplies.*

1. Industrial Education	150.10
2. Sheep and Wool Department	388.00
3. Central Marketing Section	354.00
4. Experiments in connection with manufacture of salt and distillation of khas	10.00
5. Cottage Industries	208.00
6. Development of Handloom Industry	110.30

1	2
7. Sheep Breeding and Research Station for Chokla Breed	34.30
8. Grants-in-aid, contributions etc.	107.00
9. Palm Gur Industry	89.00
TOTAL ..	1450.70

47.—*Miscellaneous Departments.*

1. Labour Welfare Centres	125.00
2. Social Welfare Departments	1627.00
TOTAL ..	1752.00
GRAND TOTAL	17103.95
OF say ..	17104.00



सत्यमेव जयते

CHAPTER 6

THE SECOND FIVE YEAR PLAN

6—1. The Second Plan for Rajasthan (1956-61) contemplates a total outlay of Rs. 10,527 lakhs including allotment of Rs. 1,363 lakhs for the Bhakra Nangal Project and Stage I of the Chambal Project.

6—2. This Plan is wider in scope than the First Five Year Plan and provides for the completion of schemes in progress at the close of 1955-56, as well as for the undertaking of a number of new schemes. The allotment for the former—the “spill over”—is Rs. 1320 lakhs, the balance being provision for new schemes, including extended coverage of such projects as the C.D.P. and N.E.S.

Allotment under Development Heads.

6—3. The allotments in respect of the several heads of development are given in Appendix ‘1’.

6—4. It will be noticed that the largest allotments are for irrigation and power, education, roads, national extension services and industries—in that order.

Targets of Achievements.

6—5. An extract from the Plan document giving the principal targets to be achieved is printed as Appendix ‘2’.

6—6. Among major objectives it is anticipated that the production of foodgrains will increase by 5 lakh tons. The area under irrigation from storage and canal works is expected to increase from 16 lakh acres (1956) to 31 lakh acres (1961) and power generating capacity is expected to rise from 32,160 k.w. (1956) to 1,17,000 k.w. (1961).

6—7. More than 4,000 miles of roads are to be constructed during the Second Plan period.

6—8. As the result of establishing new educational institutions, including 5,000 primary schools, 45% of children in the age group 6-11 and 35% of children in the age group 11 to 14 will be receiving instruction.

6—9. The phasing of Plan expenditure has to be settled from year to year, as will be seen from the following passage in the Memorandum submitted to the Finance Commission:—

“As the Plan has to be flexible for several reasons such as:—

(a) Uncertainty in internal resources, foreign exchange and supply of equipment,

(b) changing conditions, both within and outside the State,

(c) to take advantage of new information and experience, and

(d) to facilitate adaptation of technological development, the phasing of expenditure for subsequent years of the Plan has not been finally determined except for long range planning and co-ordination of Training programmes. This is in keeping with the view that while annual plans should be specific and should entail definite commitment, plans for later years within a five year period should be in more general terms, so as to avoid undue rigidity in implementation.”

6—10. The Plan is not exhaustive. The following large schemes, though they are not regarded as being of a developmental character, are to be implemented during 1956-57 outside the Second Plan:—

	(Rs. in lakhs).
1. Roads in Municipal areas	17.00
2. Press	3.08
3. General Administration	3.50
4. Replacement of Developmental vehicles	1.00
5. Buildings	20.60
6. Survey and Settlement	47.80
	<hr/>
Total	92.98
	<hr/>

Financial Implications.

6—11. The following are among the important questions that arise in this connection:—

1. Method of financing the Plan.
2. Assessment of recurring liabilities which will arise after the expiry of the Plan period.
3. Effect on debt position of the State.
4. Return on productive works included in the Plans.

Method of financing the Plan.—The Second Five Year Plan of Rajasthan (excluding Ajmer) involves a total expenditure of Rs. 97.40 crores, of this, capital expenditure, including recoverable loans and grants, comes to Rs. 68.44 crores, the balance of Rs. 28.96 being revenue expenditure.

After examining the commitments of the State and its capacity to raise additional resources during the Plan period, it was tentatively agreed that the State should finance the Plan to the extent of Rs. 27.6 crores as shown below the balance of Rs. 69.8 crores being made available by the Central Government.

Revenue Account.

(Rs. in crores).

(a) Increase of revenue by fresh taxation and/or improved collections	8.0
---	-----

Capital Account.

(b) Raising public loans	9.0	} 18.5
(c) Collections under small savings schemes	7.5	
(d) Sale of securities	2.0	
Add contribution from normal receipts (C)	1.1	} Crores.
Total	27.6	

It was proposed to secure additional revenue under the following heads in the first instance:—

- | | |
|--|-----|
| (a) Irrigation (by the levy of water charges in newly irrigated areas) | 2.5 |
|--|-----|

(b) Taxes on motor vehicles (by higher rates of taxation and increase in the number of motor vehicles)	1.0
(c) Stamps	0.1
(d) Sales tax by withdrawal of exemptions and increasing of rates etc. and by trend increase	2.0
(e) Land revenue (by revision settlement and increase in area under occupation)	0.5
(f) Special cess on commercial crops	0.2
(g) Urban assessment or ground rent	0.2
(h) Agricultural income-tax	0.2
(i) Betterment levy	1.3
	<hr/>
Total	8.0
	<hr/>

6—12. In respect of some of these items necessary legislation has already been passed and a Standing Committee has been set up under the Chairmanship of the Chief Minister to see that all possible steps are taken for raising resources to the extent of the targets fixed and to explore possibilities of reducing administrative expenditure.

6—13. The State was expected to raise public loans to the extent of Rs. 9 crores and the State authorities were confident that this target would be achieved. But in view of the advice recently given by the Government of India to the State Government to defer entering the money market for the present, it remains to be seen whether the expectations will be fully realised during the remainder of the Plan period.

6—14. The State's efforts in the recent past to raise additional resources under the Small Savings Schemes have been successful and have been commended by the National Savings Organisation. In the light of this experience, the State authorities feel that their share of collections under the Small Savings Schemes will not fall short of the Plan target.

6—15. *Assessment of recurring liabilities.*—Having regard to experience in connection with the First Five Year Plan and the pace at which the Second Plan projects are likely to be carried out, it may be assumed that there will be a shortfall of 20% in the allotments made under the Plan. On this assumption the total recurring

APPENDIX 6-1.

Allotment under the Second Five Year Plan, Rajasthan

(Rupees in lakhs)

<i>Heads of Development.</i>	<i>Rajasthan</i>	<i>Ajmer</i>	<i>Total</i>
Agriculture	380.10	49.28	429.38
Animal Husbandry	162.00	22.00	184.00
Co operation	150.00	14.00	164.00
Forests	174.00	8.00	182.00
Fisheries	9.00	..	9.00
National Extension Services	646.00	28.50	674.50
Irrigation (Including Bhakra & Chambal)	2450.00	95.28	2545.28
Powers	1900.00	99.51	1999.51
Roads	899.00	42.50	941.50
Industry	514.25	50.00	564.25
Mines	40.15	..	40.15
Education	900.00	166.25	1066.25
Urban Water Supply	120.00	28.95	148.95
Rural Water Supply	190.00	5.00	195.00
Medical	285.00	62.52	347.52
Ayurvedic	45.00	2.95	47.95
Housing	235.00	28.50	263.50
Labour	44.70	7.00	51.70
Welfare of Backward Classes	200.00	31.29	271.03
Social Services	39.74	..	39.74
Public Relations	36.00	4.99	40.99
Mandies	50.00	..	50.00
Statistics	10.00	..	10.00
Consolidation of Holding	30.00	2.50	32.50
Minor Irrigation	230.00	38.00	268.00
Unallocated	0.30	..	0.30
TOTAL	9740.24	787.02	10,527.26

APPENDIX 6-2.

Principal targets to be achieved during the
Second Five Year Plan, Rajasthan

<i>Development Heads</i> 1	<i>Units</i> 2	<i>Target to be achieved</i> 3
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Agriculture.

Additional Production :—

Foodgrains	Tons	5 lakhs.
Pulses	Tons	1 Lakh.
Cotton	Bales	1 Lakh.
Sugarcane	Tons	35 Thousand.
Oil Seeds	Tons	1 Lakh.
Soil conservation	Acres	75 thousand (Reclamation)

Animal Husbandry.

Veterinary dispensaries	No.	75
Key Village Centres	No.	45
Mobile dispensaries	No.	12
Gosadans	No.	5
Cattle breeding farms	No.	3
Milk supply under Co-operative Scheme in Jaipur	Mds.	150 per day.
Co-operative Rural creamery to handle (i) Milk	Mds.	100 per day.
(ii) Ghee	Mds.	2000 per year.

Co-operation.

Establishment of large sized Agri- cultural Multipurpose Societies ..	No.	500
Small Agricultural Cr. Societies ..	No.	1000
Central Co-operative Bank ..	No.	16
Central Co-operative Land Mortgage Bank	No.	1
Marketing Societies (at lower level) ..	No.	50
Apex Marketing Society	No.	1

Irrigation.

Additional area under irrigation from storage and canal works ..	Acres	15.07 lakhs.
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Power.

Generating Capacity	K.W.	117,000
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1	2	3
<i>Roads.</i>		
Construction of roads	Miles	4,064
<i>Industries.</i>		
Production-cum-training Centres	No.	37
Industrial Estate	No.	1
<i>Education.</i>		
Primary Schools	No.	5,000
Basic Schools	No.	2,500
Middle Schools	No.	250
Secondary Schools	No.	50
Rajasthan College	No.	1
Teachers Training College	No.	1
Teacher's Training Schools	No.	20
Polytechnics	No.	2
<i>Children to go to School.</i>		
In age group 6 to 11	per cent	45
In age group 11 to 14 .. ..	.. ..	35
<i>Medical and Health.</i>		
Ayurvedic dispensary	One for every three Pan-chayat circle.	
Modern dispensary	One for every village with a population of 3000.	
Hygienic drinking water well	One for every village.	
Pipe water supply scheme at places	No.	19
<i>Social Welfare.</i>		
Welfare Extension Projects	No.	65
State Homes	No.	5
District Shelters	No.	25
<i>Labour Welfare.</i>		
Labour welfare centres	No.	8
<i>Housing.</i>		
Subsidised Industrial Housing	No.	2000
Low Income Group Housing	No.	2000

NOTE ON THE SECOND FIVE YEAR PLAN.

1. The achievements of the First Five Year Plan have paved the way for a bolder plan for the period 1956-61. The broad objective of the country's Plan is the realisation of socialistic society, the narrower being to increase production, raise standard and lessen unemployment. It is with these objectives that the Second Plan has been prepared. The outlay on the Second Five Year Plan of Rajasthan and Ajmer (which now forms part of Rajasthan) as finally approved by the Planning Commission is as follows:—

<i>Heads of Development.</i>	<i>Outlay during 1956-61</i>		
	<i>Rajasthan</i>	<i>Ajmer</i>	<i>Total</i>
	<i>(Rupees in lakhs)</i>		
1. Agricultural programme	1135.10	133.78	1268.88
2. National Extension Service	646.00	28.50	674.50
3. Irrigation and Power	4350.00	194.79	4544.79
4. Industry and Mining	554.40	50.00	604.40
5. Transport and Communication	899.00	42.50	941.50
6. Social Services	2059.44	332.46	2391.90
7. Miscellaneous	96.00	4.90	100.99
8. Unallocated .. ..	.30	..	.30
GRAND TOTAL	9740.24	787.02	10527.26

Agriculture and Production.

2. The Second Five Year Plan is designed to ensure production of food and cash crops and also to develop different aspects of agriculture. By extending irrigation facilities, by increased use of manures and fertilizers, and by the increased use of improved seeds etc., it has been estimated that foodgrains production will increase by 25% during the Plan period. The targets of additional production for cereals, pulses, sugarcane (in terms of gur), oil seeds and cotton have been fixed at 5.00 lakh tons, 1.00 lakh tons, 0.67 lakh tons, 0.39 lakh tons and 0.94 lakh tons respectively. The acreage under sugarcane is estimated to increase from 45,000 to 75,000 acres.

3. It is proposed to start 46 seed multiplication farms of 100 acres each and to construct 170 seed stores of 3,000 to 5,000 maunds

capacity. The area is to provide at least one seed Store for each Tehsil and bring 80% area under effective seed supply service. The schemes include the construction of a well-equipped Research Institute and a few Research sub-stations; an agricultural Information Unit; Strengthening and increasing the number of students to double the present intake in the Rajasthan College of Agriculture; setting up of a nucleus marketing organisation and arrangements for the collection of adequate and reliable agricultural statistics. All development schemes under this head are likely to create employment for 15,590 persons by 1961.

Animal Husbandry, Dairying and Fisheries.

4. Seventeen Artificial Insemination Centres, 68 Key Village Centres and 8 Extension Centres will be established. 26 outstanding Gaushalas are to be taken up for development under the subsidy system and about 1000 calves will be selected for ensuring the production of improved bulls. 48 new Veterinary Hospitals and 56 Veterinary Dispensaries are proposed to be set up. 66 Extension Centres, one Woollen Industry Unit, a sheep breeding farm, a wool analysis laboratory and breeding and diseases control work will be started for wool development. A mobile unit for quick veterinary aid to villages and the training of 11 Veterinary Assistant Surgeons and 40 stockmen for this purpose is also planned for Ajmer Unit in addition to 6 such Units for Rajasthan. The reorganisation of the Poultry Farm at Jaipur to serve as a centre for breeding, research and demonstration, besides opening of 4 poultry units, is proposed.

5. Provision has been made for the establishment of dairy-cum-breeding farm and a poultry unit at the Veterinary College. A Milk Union for Jaipur City to handle 150 maunds of milk per day to run on co-operative lines, one co-operative cremery to turn out about 2,000 maunds of pure Ghee per year and to grant loans and subsidies to private dairy farmers to take to clean and healthy milk production is programmed for dairy development. Fisheries will also be developed by taking up stocking operations and improving marketing methods.

Forestry.

6. Under the Plan it is proposed to extend the area under Forest from 11.5% of the total land area to 25/30 per cent. The main schemes under this sector include the education of personnel, demarcation of forest boundaries and forest settlement continuing the work of forest research, afforestation as a measure of soil conservation in areas subject to water erosion and wind erosion, raising

plantations etc. It is expected that all these schemes would provide additional employment to about 1,025 persons during the Second Plan period.

Co-operation.

7. The Second Plan under this sector provides for the organisation of the Co-operative movement with the aim of bringing 30% of the villages and 15% of rural population in the fold of co-operation to make about 25% of the total requirements of agricultural finance available through co-operation and to handle through co-operatives at least the sale of 10% of the produce usually delivered to the mandies.

Community Projects and National Extension Service.

8. The social, economic and cultural aspects of life in Indian villages greatly differ from those in average urban life. For their transformation C.D. Programme and N.E.S. seek to achieve all round improvement with special emphasis on increased production. 155 new more blocks will be taken up during the Plan period providing employment to 4,620 persons.

Irrigation.

9. It is planned to irrigate about 15.32 lakh additional acres in the State (15.07 Rajasthan and 0.25 Ajmer) by the end of Second Plan. Therefore, it is programmed during the Second Plan period to complete the works undertaken during First Plan but carried over to the Second Plan; to launch new schemes including Rajasthan Canal and Bharatpur Feeder from Agra Canal, to rehabilitate and improve old existing works for increased irrigation usage, to codify the various irrigation practices and to rationalise water charges.

Power.

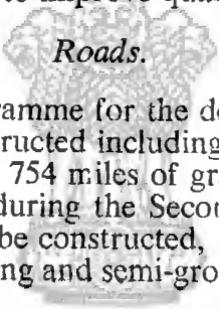
10. The main schemes for the development of power in the State have been divided into two categories viz., (i) Multipurpose Projects, and (ii) Thermal Projects. Under the first, are the schemes of Bhakra Nangal Project, Chambal Hydro-Electric Scheme, Gandhi Sagar and Rana Pratap Sagar Power Stations. Thermal Projects include the development of urban and rural electrification. The total available power at the end of the Plan period from Thermal Schemes is expected to increase to 69,000 k w. and the consumption per head to 12 units.

Industries.

11. Greater stress has been put on the development of new industries in the State and stepping up of the production of existing industries during the Second Plan. The Plan provided the development of industries like handloom, sheep and wool, Khadi and Village Industries, silk, gur and khandsari. The existing Industrial Laboratory and sheep and wool laboratory will be expanded. Economic and industrial survey of Rajasthan will also be taken up.

Mines and Geology.

12. Under the development of mineral industry it is envisaged to set up an open cast mining and briquetting Plant for Lignite at Palana, Mica Grinding Plant at Bhilwara and Activation Plant for Fuller's Earth at Shri Kolyatji. It is also programmed to intensify prospecting operations and to improve quarrying activity.

*Roads.*

13. Under the programme for the development of roads, 2254 miles of roads will be constructed including 98 miles of black topped, 1402 miles of metalled and 754 miles of gravelled road. 1810 miles of road will be improved during the Second Plan period. Besides, 3½ miles of new roads will be constructed, 100 miles of existing roads will be improved and painting and semi-grouting of 180 miles of roads will be done in Ajmer.

*Education.*

14. To eradicate the proverbial backwardness of Rajasthan in the field of Education, facilities for additional enrolment to the extent of 3 lakh children of age group 6 to 11 years have been provided, 2500 schools will be converted into basic ones and 25 new Basic Teachers Training Schools will be set up. 250 Primary Schools and 50 Middle Schools will be upgraded as Middle and Higher Secondary Schools, 45 High Schools will be converted into Higher Secondary Schools, of which 15 will be of multi-purpose pattern.

15. 2 Polytechnic Schools with mining course and 4 Junior Technical Schools will be opened. Development of M.B.M. Engineering College, Jodhpur, conversion of 3 years degree course into 4 years course, starting of condensed overseers course and the establishment of a directorate, the technical and vocational (non-university) education are also the targets laid down in the Plan. Establishment

of 4 new Janta Colleges with mobile sections and one Rajasthan College, the setting up of two District Organisations and opening of 200 rural libraries under social education are also planned.

16. The setting up of a Physical Education Training College and Central and district organisation, as well as the construction of stadium at Jaipur are planned to promote physical training and education.

17. The Ajmer Plan provides the conversion of 22 Middle Schools and 10 Junior Basic Schools, into senior Basic Schools, 8 High Schools into Multipurpose Schools, 4 Government High Schools and all High Schools into Higher Secondary Schools; opening of craft and hobby training centres and construction of 70 School Buildings etc.

Medical.

18. The schemes include the upgrading and expansion of certain departments in the Medical College so as to admit 30 more students every year, providing medical aid in rural areas by opening 80 Primary Health Units, expansion of District Hospitals so as to have a minimum of 50 general beds and 20 Maternity beds, for the control of special diseases like T.B. and Malaria it is proposed to open 6 T.B. Clinics, a T.B. Demonstration Centre for training of T.B. workers. The National Malaria control programme will be continued. Other schemes include establishment of 21 Public Health Laboratories, 25 Urban and 150 Rural Family Planning Centres, Dental clinics in each District and child guidance clinics attached to Medical College and Hospital at Jaipur. Setting up of 325 Ayurvedic dispensaries and consolidation of the existing ones is also expected to be undertaken during Plan period.

19. Under the Ajmer Plan it is proposed to raise number of Hospital beds to 886. There will be no village more than 6 miles away from a dispensary and the smaller villages will be served by a mobile unit. Another T.B. Clinic will be provided at Beawar. Besides this it is also proposed to open 3 Ayurvedic and 3 Homeopathic dispensaries during the Second Plan period. Two Primary Health Centres will be opened, Victoria Hospital Ajmer will be enlarged by installation of an Elevator and construction of Eye and Pediatric (Children's) wards with 25 beds each.

Public Health.

20. Two schemes viz., (a) Urban Water Supply and (b) Rural Water Supply are included under this head. The reorganisation of

water supply schemes of Jaipur, Jodhpur and Kotah has also to be completed. In all there are about 19 schemes under the Urban Water Supply Scheme. Drainage arrangements are also to be provided at some places. Under the Rural Water Supply Scheme it is proposed to open 1247 new draw hygienic wells of 10 ft. diameter; to repair and deepen 3750 old existing wells, there are 22 schemes for providing pipe water to groups of villages. It is proposed to double the water supply at Ajmer and to raise the supply at Beawar to 10 lakh gallons a day.

Housing.

21. 3170 Industrial houses will be constructed at Jaipur, Pali, Ajmer, Beawar, Bijainagar and Bhilwara while about 2500 houses under Low Income Group Housing Scheme will be constructed at a number of important places in the State.

Labour.

22. The schemes include expansion of the existing and opening of 23 new Labour Welfare Centres, and the construction of buildings for the same. The Employees State Insurance Scheme will be implemented at 7 places for which at least 7 dispensaries and staff quarters would be required to be constructed. Arrangements for technical training will also be made by opening 8 technical training centres.

Social Welfare and Welfare of Backward Classes.

23. The schemes for the welfare of Backward Classes and Social Service include the setting up of 40 Sanskar Kendras, 50 Social Education Centres, and 15 Training-cum-Production Centres, digging of 600 drinking water wells and construction of 10 Hostels and 770 houses under the various schemes.

Miscellaneous.

24. Development of Public Relations for better contacts with the public, construction of mandies in the Bhakra area, arrangements for obtaining accurate and reliable statistical data, consolidation of holdings, encouragement of farming on co-operative basis and restoration of minor irrigation works are some of the schemes which will be undertaken under the Second Plan.

Expenditure of Revenue and Capital Account.

25. Assuming 80 per cent achievement under the Second Plan the total Plan expenditure at the end of 1960-61 will be Rs. 8421.81 lakhs of which Rs. 7792.19 lakhs will be incurred on schemes relating to Rajasthan and Rs. 629.62 lakhs on schemes under the Ajmer Plan. The expenditure on revenue and capital account will be Rs. 3246.46 and Rs. 7280.80 lakhs respectively (*vide* Appendix 'A').

26. Budget allotments during the first two years on the Second Plan are given at Appendix 'B'.

27. The following schemes, though of considerable importance to the State, have not been included in the first year of the State Plan. They are being pursued as part of a separate programme.

	(Rupees in lakhs).
1. Roads in Municipal areas.	17.00
2. Press.	3.08
3. General Administration.	3.50
4. Replacement of Developmental Vehicles.	1.00
5. Buildings.	20.60
6. Survey and Settlement.	47.80
Total	<u>92.98</u>

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APPENDIX—6-A.
Allocation of Second Plan Expenditure, Rajasthan (Rs. in lakhs).

Sectors.	Revenue				Capital			Total of Columns 4 and 7
	1	2	3	4	5	6	7	
		Rajasthan	Ajmer	Total	Rajasthan	Ajmer	Total	
1. Agriculture	210.27	22.01	232.28	169.83	27.27	197.10	429.38
2. Animal Husbandry	142.24	17.76	160.00	19.76	4.24	24.00	184.00
3. Co-operation	92.37	8.21	100.58	57.63	5.79	63.42	164.00
4. Forests	155.00	7.00	162.00	19.00	1.00	20.00	182.00
5. Fisheries	8.23	..	8.23	0.77	..	0.77	9.00
6. N. E. Service	646.00	20.00	666.00	..	8.50	8.50	674.50
7. Irrigation	2450.00	95.28	2545.28	2545.28
8. Power	2.85	2.85	1900.00	96.66	1996.66	1999.51
9. Roads	899.00	42.50	941.50	941.50
10. Industry	188.72	29.61	218.33	325.53	20.39	345.92	564.25
11. Mines	13.45	..	13.45	26.70	..	26.70	40.15
12. Education	659.10	92.67	751.77	240.90	73.58	314.48	1066.25
13. Medical and Public Health	459.00	46.68	505.68	181.00	52.74	233.74	739.42
14. Housing	2.75	2.75	235.00	25.75	260.75	263.50
15. Labour	32.74	4.09	36.83	11.96	2.91	14.87	51.70
16. Backward Classes Welfare	183.65	25.74	209.39	16.35	2.76	19.11	228.50
17. Social Welfare	39.74	2.79	42.53	..	..	..	42.53
18. Public Relations	36.00	4.99	40.99	..	..	..	40.99
19. Bhakra Mandies	50.00	..	50.00	..	..	..	50.00
20. Statistics	10.00	..	10.00	..	..	..	10.00
21. Consolidation of Holdings	30.00	2.50	32.50	..	..	..	32.50
22. Minor Irrigation	230.00	38.00	268.00	268.00
23. Unallocated	0.30	..	0.30	..	..	..	0.30
TOTAL	2956.81	289.65	3246.46	6783.43	497.37	7280.80	10527.26

Source: Planning and Development Department, Rajasthan.

APPENDIX 6-B.

Outlay under the Second Five Year Plan.

(Rupees in lakhs)

<i>Head of development.</i>	<i>Plan allocation 1956-61</i>	<i>Percentage to total</i>	<i>Budget Estimate 1956-57</i>	<i>Budget Estimate 1957-58</i>
1	2	3	4	5
Agriculture	429.38	4.08	78.69	108.14
Animal Husbandry	184.00	1.75	20.73	22.31
Co-operation	164.00	1.56	31.30	35.40
Forests	182.00	1.73	16.56	28.67
Fisheries	9.00	0.08	0.70	1.69
National Extension Services	674.50	6.41	163.81	181.61
Irrigation (including Bhakra and Chambal and Minor irri- gation)	2813.28	26.73	675.29	580.28
Power	1999.51	18.99	380.53	476.70
Roads	941.50	8.94	193.00	182.60
Industries	564.25	5.36	63.07	102.87
Mines	40.15	0.38	0.60	..
Education	1066.25	10.13	147.00	175.32
Medical and Public Health ..	739.42	7.03	156.02	132.54
Housing	263.50	2.50	70.00	43.00
Labour	51.70	0.49	5.80	13.47
Welfare of Backward Classes and Social Services	271.03	2.57	31.00	39.06
Public Relations	40.99	0.39	6.00	7.56
Mandies	50.00	0.48	20.00	10.00
Statistics	10.00	0.09	1.60	2.47
Consolidation of Holdings ..	32.50	0.31	3.50	10.00
Unallocated	0.30	..	..	..
TOTAL ..	10527.26	100.00	2065.00	2153.69

CHAPTER 7

STATES REORGANISATION, 1956.

7—1. The States Reorganisation Act came into effect on 1st November, 1956. The financial implications of this Act so far as the State of Rajasthan is concerned are broadly noted below. The new State of Rajasthan comprises the following territories:—

1. the territories of the State of Rajasthan except Sironj Sub-Division of Kotah District;
2. the territories of the State of Ajmer;
3. Abu Road Taluka of Banaskantha District of the existing State of Bombay, and
4. Sunel Tappa of Bhanpura Tehsil of Mandsaur District in the existing State of Madhya Bharat.

7—2. According to the figures furnished by the Bombay Government an expenditure of Rs. 4.04 lakhs and an income of Rs. 1.30 lakhs are estimated for Abu Road Taluka. In case of Sironj Sub-Division and Sunel Tappa, no separate figures were available. The net amount involved was, however, very small.

7—3. The figures of Budget Estimate in respect of the State of Ajmer for 1956-57 stood as under:—

Revenue receipts (including Rs. 148 lakhs on account of subvention from the Central Government)	Rs. 262.93 lakhs.
Expenditure chargeable to Revenue	Rs. 262.93 lakhs.
Capital expenditure	Rs. 157.70 lakhs.

In addition to the grant-in-aid of Rs. 148 lakhs, the estimates took credit for full amount of loan for capital expenditure from Central Government.

7—4. As pointed out by the Finance Minister in his speech presenting the Budget Estimates for 1957-58 to the Legislative Assembly on 6th May, 1957, "Ajmer is a deficit area and has so far been nourished by a subvention from the Central Government which has constituted a substantial part of the revenue receipts". The subvention for 1956-57, as stated already, was Rs. 148 lakhs.

7—5. There was a separate Second Five Year Plan for Ajmer (providing for an outlay of Rs. 7.87 crores) which is now incorporated in the Second Five Year Plan for Rajasthan.

7—6. The revenue deficit due to the inclusion of Ajmer has to be met as before by Central subvention. In fixing the grant-in-aid payable to the State at Rs. 250 lakhs, the II Finance Commission has apparently taken this factor into consideration.



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CHAPTER 8

BUDGETARY TRENDS

Revenue Account.

8—1. During the period 1951-57 the State revenue has increased from Rs. 15½ crores to Rs. 22.19 crores. The variations from year to year under budget heads are indicated in the Appendix. The State share of the proceeds of Union Income-Tax and Union Excise Duties, together with grants-in-aid from the Central Government, have materially contributed to this increase.

Within the field of State taxation a significant increase is that under land revenue, from Rs. 315.33 lakhs in 1951-52 to Rs. 544.30 lakhs in 1956-57. This is almost entirely due to the resumption of Jagirs and collection of land revenue on ex-Jagir lands.

The sales tax is an expanding source of revenue next in importance to land revenue. The receipts under this head are now of the order of Rs. 300 lakhs. But they are as yet insufficient to make up for the set back in revenue due to the abolition of internal transit duties in 1955-56.

There have been substantial increases under 'Stamps' and "Motor Vehicle Taxes".

Receipts from irrigation have remained stationary inspite of the fact that a large number of projects have been completed and extensive areas are reported to have been brought under irrigation.

The yield of the agricultural income tax has been disappointing. Against Rs. 15 lakhs which was initially expected from this source the proceeds of this tax have in no year reached even Rs. 5 lakhs.

Having regard to the trends of revenue during the past few years and taking into account the enhanced devolution of Central resources to the State under the Award of the Second Finance Commission, the present level of total revenue (exclusive of specific Central grants) would be about Rs. 29 crores.

8—2. On the expenditure side, the budget estimates for 1957-58 provide for an expenditure (on Revenue Account) of Rs. 3218.94 lakhs. This is nearly double the State expenditure in 1951-52. This phenomenal increase is attributable to various factors such as:—

Unification of pay scales of the combined services of the covenanting States and their subsequent rationalisation.

Relief to low paid Government servants.

Revenue expenditure on the First Plan which had to be normalised in 1956-57, involving a recurring commitment of Rs. 170 lakhs.

Revenue expenditure on the Second Plan which is at a level of over 5 crores during the current year.

Development expenditure outside the Plan, particularly under Education and Medical.

Additional expenditure due to the merger of the former Part C State of Ajmer—a deficit area which had been sustained by Central subsidies in the past. At the time of merger the deficit was about Rs. 1½ crores.

Provision for compensation for resumed Jagirs (about Rs. 180 lakhs).

Grant-in-aid to Panchayats (Rs. 25 lakhs).

Increased expenditure on Police, General Administration, Stationery and Printing, Superannuation pensions and allowances.

8—3. There has been reduction of expenditure under certain heads, for instance, provision of Privy Purses of Rulers (Rs. 33.00 lakhs) and Other Taxes and Duties (Rs. 15.00 lakhs), the latter being due to the abolition of inter-State transit duties and their substitution by sales tax. There has also been a reduction (which, however, is more apparent than real) of Rs. 41.87 lakhs, due to transfer of certain provisions from revenue to capital account. These reductions are not very significant compared to the large and in most cases, recurring commitments mentioned earlier.

8—4. Expenditure has increased both under development and non-development heads, the former being more noticeable. The variations from year to year will be seen from the Appendix. The current year's budget estimates on revenue account provide for an overall expenditure of Rs. 3218.94 lakhs including outlay of

Rs. 534.41 lakhs on Plan Schemes and Rs. 180.00 lakhs for payment of compensation to Jagirdars and Rs. 29.70 for amortisation of debt.

8—5. On the basis of information supplied by the State Government, the Finance Commission have worked out the budgetary position of the State during the First Five Year Plan period as follows (*vide* page 147 of the Report of the Commission):—

	1951-52	1952-53	1953-54	1954-55	1955-56
	<i>(Rupees in lakhs)</i>				
Total Revenue	15,51	18,14	18,77	22,20	23,42
<i>Deduct :—</i>					
(i) Share of Central Income tax	13	1,92	1,94	2,08	2,05
(ii) Share of Union Excise Duties .. ..	..	77	73	71	78
(iii) Grants-in-aid					
(a) Statutory	5	5	24	42	39
(b) Other grants .. ..	..	18	60	2,71	1,36
Net Revenue	15,33	15,22	15,26	16,28	18,84
Total expenditure	15,71	15,93	18,08	20,16	22,54
Surplus +) | .. ..	—38	—71	—2,82	—3,88	—3,70
Deficit —) |					

During this period the State received Rs. 11.11 crores as its share of divisible Central taxes and Rs. 600 lakhs by way of grants. It was thus enabled to meet its normal expenditure as well as development expenditure on Plan projects and secure a cumulative surplus (according to the Commission) of Rs. 552 lakhs. Actually the surplus was much less, as pointed out in Chapter I.

8—6. The following table is intended to show the budgetary position in 1957-58 as revised in the light of the Finance Commission's final recommendations and the data available in their report:—

REVENUE ACCOUNT 1957-58

(Figures in lakhs of rupees)

<i>Receipts</i>	<i>Budget</i>	<i>Revised</i>	<i>Increase + Decrease —</i>
Share of Central Income tax	.. 223	425	+115
Share of Union Excise duties	.. 87		

(Figures in lakhs of rupees).

<i>Receipts</i>		<i>Budget</i>	<i>Revised</i>	<i>Increase + Decrease—</i>
Tax on Railway fares .. ..	..	50	50	+50
Grant-in-aid statutory .. ..	..	115	250	+135
Total receipts .. ..	..	2938	3238	+300
<i>Expenditure</i>				
Interest on Debt (net) .. ..	..	90	55	—35
Famine Relief .. ..	..	20	40	+20
Total expenditure .. ..	..	3219	3204	—15
Surplus + .. ..	..	—281	+34(.39)	
Deficit— .. ..	..		

8—7. It will be seen that, *other things remaining the same*, the result of the Finance Commission's recommendations would be a surplus of Rs. 34 lakhs in the current year against a deficit of Rs. 281 lakhs which was anticipated in the budget estimates. This change in the net position is due to the following reasons:—

(i) Receipts under Central income tax and share of Union Excise Duties are estimated by the Commission at Rs. 425 lakhs, whereas the credit taken for these items in the budget was Rs. 310 lakhs.

(ii) The statutory grant-in-aid which stood at Rs. 115 lakhs in the current year's budget on the basis of the interim report of the Commission is now raised to Rs. 250 lakhs according to the final award of the Commission.

(iii) Out of the net proceeds of the new tax on railway passenger fares, Rajasthan is to get 6.77%. The probable yield on this account is estimated at Rs. 100 lakhs for a whole year. The receipts during the current year for a period of 6 months or so are roughly taken at Rs. 50 lakhs.

(iv) The provision for famine relief (Rs. 20 lakhs from State funds) is raised to Rs. 40 lakhs as recommended by the Commission in paragraph 184.

(v) According to the recommendations of the Commission accepted by the Central Government, the system of the

repayment of the Central loans in equated instalments will cease. The consolidation of all outstanding loans into two loans bearing interest at $2\frac{1}{2}\%$ and 3% respectively would mean a relief of Rs. 35 lakhs on interest charges.

8—8. If the budget adjustments recommended by the Commission in paras 89 and 90 of their report regarding compensation to Jagirdars and provision for amortisation were adopted, the notional surplus of Rs. 34 lakhs in the revenue budget shown above would increase to Rs. 224 lakhs offset by some worsening in the capital section of the budget. These are, however, purely procedural changes which neither augment resources nor reduce obligations.

8—9. Putting it in a different and simpler way, the effect of the recommendations of the Commission is a net addition of Rs. 370 lakhs to the annual revenue of the State:—

	(Rs. in lakhs).
(1) By grant-in-aid of Rs. 250 lakhs in replacement of the subvention of Rs. 150 lakhs payable to former Part 'C' State of Ajmer	100
(2) By increase in share of Central Income-tax and Excise Duties (as compared with actuals 1956-57) approximately	135
(3) By taxes on Railway fares	100
(4) By reduction of interest charges on Central loans	35
Total	370 lakhs.

Capital Account 1951-56.

8—10. The following are some of the noticeable features of capital account during the period 1951-56.

Public debt (mainly borrowings from the Central Government) rose from Rs. 1308 lakhs in 1951-52 to Rs. 4729 lakhs in 1955-56.

Bank over draft account increased by over Rs. $3\frac{1}{2}$ crores.
A Contingency Fund was created.

The compulsory Insurance Scheme of Government servants formerly in force in the Jaipur Unit was extended over the whole State and to all services, including Class IV service. This accounts for an appreciable increase of unfunded debt.

Loans and advances made by State for various purposes increased by over Rs. 4 crores.

The capital expenditure during these years amounted to Rs. 3762 lakhs. Of this leaving out Rs. 50 lakhs transferred to Contingency Fund and Rs. 325 lakhs relating to Grain Trading Scheme, the balance was spent on irrigation works, roads, buildings, electricity schemes and water supply schemes. A part of this expenditure was met from savings in the Revenue Account.



APPENDIX.
COMPARATIVE STATEMENT OF REVENUE 1950-51 TO 1957-58

Heads of Revenue		1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58
I		2	3	4	5	6	7	8	9
		(In lakhs of Rupees)							
PART I—Consolidated Fund—Revenue.									
A—Principal Heads of Revenue									
II—Union Excise Duties ..	..	..	..	77.46	73.33	71.26	78.14	88.32	86.85
IV—Taxes on Income other than Corporation Tax and Estate Duty ..	..	8.00	12.53	192.43	194.18	211.67	209.23	208.85	231.02
V—Estate Duty ..	..	..	..	..	..	2.17	6.82	..96	9.00
VII—Land Revenue ..	..	420.77	315.33	407.59	378.54	414.62	501.43	544.30	667.00
VIII—State Excise Duties ..	..	248.69	298.85	236.49	250.56	281.35	268.40	315.41	295.00
IX—Stamps ..	..	43.35	47.33	51.20	54.72	55.21	60.33	68.04	71.00
X—Forest ..	..	40.01	39.62	38.77	35.65	41.15	56.41	59.15	69.98
XI—Registration ..	..	2.69	3.66	2.50	2.57	3.98	5.62	7.09	6.50
XII—Taxes on Vehicles ..	..	18.92	24.76	33.87	32.88	35.75	40.52	53.97	62.00
XIII—Other Taxes & Duties ..	..	374.02	420.45	370.53	397.94	396.78	152.50	243.60	303.00
TOTAL A ..		1156.45	1162.53	1410.84	1420.37	1513.94	1379.40	1589.69	1801.35
C—Irrigation, Navigation, Embankment and Drainage Works.									
XVII—Irrigation, Navigation, Embankment and Drainage Works (Commercial). ..		..	..	..	..	..	..	..	..
A—Irrigation Works:—									
Gross Receipts ..	..	..	..	25.28	16.62	45.21	34.98	..	37.40
Deduct working expenses ..	..	..	..	-9.93	-8.82	-11.46	-12.79	..	-13.02
NET RECEIPTS		..	17.12	9.74	15.35	7.80	33.75	22.19	24.38

1		2	3	4	5	6	7	8	9
<i>(In lakhs of Rupees)</i>									
XVIII—Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) ..		4.51	8.77	6.55	11.50	9.39	8.09	13.94	40.00
TOTAL C ..		21.63	18.51	21.90	19.30	43.14	30.28	42.56	64.38
<i>E—Debt Services.</i>									
XX—Interest ..		68.29	46.56	50.55	42.62	37.58	59.43	65.28	66.00
<i>F—Civil Administration.</i>									
XXI—Administration of Justice ..		5.89	5.17	4.78	5.04	5.56	5.40	7.33	6.35
XXII—Jails & Convict Settlements ..		2.26	2.68	3.05	3.00	3.22	3.76	2.59	3.60
XXIII—Police ..		3.56	2.49	1.51	5.12	11.61	15.82	40.67	12.00
XXVI—Education ..		6.23	12.84	20.34	20.61	17.51	30.64	53.43	103.62
XXVII—Medical ..		3.42	3.52	3.45	4.01	3.63	3.58	6.93	13.65
XXVIII—Public Health ..		8.21	12.23	12.06	20.96	37.62	22.97	21.31	28.18
XXIX—Agriculture ..		6.78	10.54	4.43	6.79	9.18	9.15	18.37	39.55
XXIXA—Rural Development ..		28	40	49	67	2.44	76	23	10
XXX—Veterinary ..		77	3.15	1.76	38	53	2.02	11.35	13.55
XXXI—Co-operation ..		19	15	24	16	12	14	1.00	4.86
XXXII—Industries & Supplies ..		21.31	21.70	15.33	29.02	77.21	84.40	71.80	78.00
XXXIII—Aviation ..		28	..	..	..	..	..	..	..
XXXVI—Miscellaneous Departments ..		45.34	63.80	54.93	49.91	48.58	70.15	84.59	97.06
TOTAL F ..		104.52	138.67	122.37	145.67	217.21	248.79	319.60	400.52
<i>H—Civil Works, Multipurpose River Schemes and Miscellaneous Public Improvements</i>									
XXXIX—Civil Works ..		6.81	8.78	31.61	49.69	103.95	107.63	64.89	75.49
XLA—Receipts from Multipurpose River Schemes ..		..	..	..	..	—51	14	2.53	32.50
TOTAL H ..		6.81	8.78	31.61	49.69	103.44	107.77	67.42	107.99

*I—Electricity Schemes—**XLII—Receipts from Electricity Schemes—Hydro Electric Schemes—*

Gross Receipts ..	66.69	68.95	86.81	88.50	92.20	100.90	..	142.50
Deduct Working Expenses ..	-78.42	-99.68	-102.23	-81.81	-97.93	-94.53	..	-132.00
Net Receipts	-11.73	-30.73	-15.42	6.69	-5.73	6.37	1.21	10.50
TOTAL I	..	..	..	..	..	..	..	..

II—Thermo Electric Schemes—

Gross Receipt ..	..	..	..	..	..	..	..	..
Deduct—Working Expenses ..	..	..	..	..	..	..	..	..
Net Receipts ..	..	..	..	..	..	..	..	..
TOTAL I	-11.73	-30.73	-15.42	6.69	-5.73	6.37	1.21	10.50

J—Miscellaneous.

XLIV—Receipts in aid of superannuation ..	.40	.65	.16	.51	2.39	6.77	2.10	1.50
XLV—Stationery and Printing ..	10.25	9.18	12.48	13.92	21.91	23.13	10.82	6.00
XLVI—Miscellaneous ..	14.77	121.89	86.58	63.68	84.95	371.13	-79	102.00
TOTAL J	25.42	131.72	99.22	78.11	109.25	401.03	12.13	109.50

*L—Contributions and Miscellaneous**Adjustments between the Central and State Governments.*

XLIX—Grants-in-aid from the Central Government.	.09	5.00	12.70	55.78	191.43	120.17	49.84	205.38
L—Miscellaneous adjustments between Central & State Governments ..	..	.01	.34	.50	.64	1.16	.03	1.04
TOTAL L	.09	5.01	13.04	56.28	192.07	121.33	49.87	206.42

1	2	3	4	5	6	7	8	9
	<i>(In lakhs of Rupees)</i>							
<i>M—Extraordinary Items</i>								
LI—Extraordinary receipts ..	89.05	74.14	80.90	69.77	43.56	7.59	16.89	68.67
LIA—Receipts on account of Community Development Projects, National Extension Service and Local Development Works ..	..	..	..	..	..	35.26	54.99	103.00
TOTAL M ..	89.05	74.14	80.90	69.77	43.56	42.85	71.88	171.67
GRAND TOTAL ..	1460.53	1555.19	1815.01	1888.50	2254.46	2397.25	2219.64	2938.33



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	1	2	3	4	5	6	7	8	9
CC—Capital Account of Irrigation, Navigation, Embankment and Drainage works within the Revenue Account.									
19—Construction of Irrigation, Navigation, Embankment and Drainage Works ..		.26	5.56	15.37	14.59	6.31	.66	..	..
TOTAL CC ..		.26	5.56	15.37	14.59	6.31	.66	..	..
E—Debt Service.									
22—Interest on Debt and other Obligations ..		20.98	20.29	7.16	13.08	18.73	25.57	65.31	90.00
23—Appropriation for reduction or avoidance of Debt	15.00	15.00	..	..	29.70
TOTAL E ..		20.98	20.29	7.16	28.08	33.73	25.57	65.31	119.70
F—Civil Administration.									
25—General Administration ..		144.47	174.30	158.56	169.92	186.92	185.87	214.18	223.07
27—Administration of Justice ..		29.02	31.71	32.48	32.99	35.29	37.57	39.85	45.59
28—Jails and Convict Settlements ..		20.26	21.90	23.33	24.14	25.71	26.16	29.34	30.76
29—Police ..		217.85	240.46	276.88	303.13	297.54	295.49	317.14	359.96
36—Scientific Departments ..		12.34	10.82	10.79	11.08	12.93	11.69	14.42	18.25
37—Education ..		201.97	229.78	259.35	290.10	322.35	358.54	484.02	601.28
38—Medical ..		89.36	102.44	103.82	112.91	128.24	149.69	173.17	216.03
39—Public Health ..		19.74	41.93	34.68	41.48	63.72	115.57	70.59	68.72
40—Agriculture ..		26.15	21.15	20.00	23.29	25.88	30.76	31.18	87.80
40A—Rural Development ..		5.45	11.17	12.18	15.69	26.09	1.50	1.08	1.43
41—Veterinary ..		11.08	11.10	11.38	11.61	17.14	24.00	25.33	40.81
42—Co-operation ..		4.31	5.47	5.37	6.01	6.95	8.83	12.72	29.50
43—Industries and Supplies ..		13.25	13.10	13.24	21.10	53.14	74.61	50.67	80.67
44—Aviation ..		3.11	..	..	..	..	..	..	.30
47—Miscellaneous Departments ..		61.58	48.48	36.00	36.61	39.68	78.55	95.56	108.32
TOTAL F ..		859.94	963.81	998.06	1100.06	1241.58	1398.83	1559.25	1912.49


1	2	3	4	5	6	7	8	9
H—Civil Works, Multipurpose River Schemes and Miscellaneous Public Improvements								
50—Civil Works	129.43	88.22	74.39	85.76	134.43	116.06	146.82	170.92
51B—Other Revenue Expenditure connected with Multipurpose River Schemes .. ..	..	..	..	..	..	9.95	11.72	21.69
TOTAL H ..	129.43	88.22	74.39	85.76	134.43	126.01	158.54	192.61

I—Electricity Schemes.

52—Interest on Capital Outlay on Electricity Schemes .. ..	..	..	..	6.44	6.47	10.03	6.37	13.83
52A—Other Revenue Expenditure connected with Electricity Schemes .. ..	..	..	..	..	..	..	..	..
TOTAL I ..	..	..	..	6.44	6.47	10.03	6.40	13.83

HH Capital Account of Civil Works, Multipurpose River Schemes, and Miscellaneous Public Improvements within the Revenue Account.

50A—Capital Outlay on Civil Works financed from Revenue	9.98	50.35	61.69	54.14	31.08	57.99
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PART II--Revenue and Taxation

CHAPTER 9

THE FISCAL BACKGROUND

TAXATION IN EX-PRINCELY STATES

9—1. With regard to the distribution of powers of taxation between the Union and States, the Constitution follows very closely the scheme of Federal finance embodied in the Government of India Act, 1935. The broad feature of this scheme was that the Central Government had “reserved for itself the most sensitive and elastic taxes, specially those sensitive to a rise in money income; on the other hand increasingly important grants were made”, to the Units with a view to correct the imbalance of resources.

9.—2. By the time the new Constitution came into effect the Provinces had exploited nearly the whole field of taxation open to them and were receiving their shares of income tax proceeds and Central grants to meet their growing expenditure on economic development and social services.

9—3. The ex-princely States had a different fiscal background. They were theoretically competent to levy not only the taxes in the Provincial List but also those included in the Federal List. In practice, however, few of them levied taxes on incomes. Where these taxes were levied, the rates were far below the income tax rates in British India. At the time of Integration, the revenue of Rajasthan from income taxes levied by some of the former Rulers was about 13 lakhs. The ex-princes, speaking generally, had a strong aversion to the imposition of direct taxes on their subjects. Their States finances were built up mainly on—

(1) *Abkari revenue (State Excise Duties).*—This revenue had largely increased during the war and though on a slightly downward trend since 1946, was unaffected by any move towards prohibition.

(2) *Land Revenue.*—Receipts under this head were substantial in some States, while in others the possible income from this source had been sacrificed by its alienation in favour of Jagirdars.

(3) *Internal Customs or Transit Duties.*—In the former Rajasthan States the duties were levied by most of the States and proceeds constituted an appreciable percentage of their total revenue:—

(In lakhs of Rs.)

Name of State				Total revenue (Ordinary)	Land Customs	Percentage
Jaipur	..	..	..	197	23	11.6
Jodhpur	..	..	..	224	40	17.8
Udaipur (Mewar)	..	..	..	81	1	1.3
Bikaner	..	..	..	252	29	11.5
Alwar	..	..	..	90	44	48.9
Kotah	..	..	..	48	6	12.5
Bharatpur	..	..	..	65	23	35.4
Tonk	..	..	..	34	11	32.3
Bundi	..	..	..	29	8	27.6
Sirohi	..	..	..	21	4	19.0
Dungarpur	..	..	..	22	8	36.4
Banswara	..	..	..	13	3	23.1
Partabgarh	..	..	..	8	3	37.5
Jhalawar	..	..	..	7	1	14.3
Jaisalmer	..	..	..	6	3	50.0

9—4. Since 1934 and more particularly during the War, excise duties were levied in British India on a number of articles. The duties were extended to the States with their consent and from the common pool of collections the States received the amounts attributable to them according to agreed formulae.

9—5. In Rajasthan some of the former States had built considerable lengths of Railway from which they derived a growing income. At the time of integration the net railway receipts of Rajasthan were of the order of Rs. 163 lakhs.

9—6. Neither Central grants nor (save in very exceptional cases) Central loans figured in the finances of the former princely States. They had to depend entirely on their own internal resources. Only a few States could have raised open market loans.

Present Constitutional Position.

9—7. With financial integration the fiscal jurisdiction of former Part B States and their relations with the Union Government underwent a great change. Except for certain transitional arrangements, the Constitution placed them on a par with former Part A

States. Under the Constitution the following are the principal taxes leviable by the States:—

1. Taxes on Agricultural income.
2. Succession and estate duties on agricultural land.
3. Taxes on land and buildings.
4. Taxes on mineral rights.
5. Excises on alcoholic liquors and narcotics with minor exceptions.
6. Taxes on the consumption and sale of electricity.
7. Taxes on the entry of goods into the local area.
8. Taxes on the sale or purchase of goods except newspapers.
9. Taxes on goods or passengers on roads and inland waterways.
10. Taxes on vehicles.
11. Taxes on animals.
12. Tolls.
13. Taxes on trades and occupations.
14. Capitation taxes.
15. Taxes on luxuries, including entertainments, betting and gambling.
16. Stamp duties, except those on the Union List.

Apart from the above taxes, which fall exclusively within the State sphere, the States are entitled to receive—

(a) a proportion of the proceeds of income tax levied and collected by the Government of India (Art. 270);

(b) a portion of the Union duties of excise, in accordance with the principles of distribution formulated by Parliament by law (Art. 272);

(c) Estate and succession duties, terminal taxes on goods and passengers, taxes on railway fares and freights etc. which are levied and collected by the Government of India, the net proceeds being assigned to the States (Art. 269).

9—8. The States are also given block or specific grants-in-aid under other Articles of the Constitution.

Change in Revenue Structure.

9—9. The following table shows the composition of the revenues of Rajasthan in 1951-52 (actuals) and in 1956-57 (B.E.):—

(Figures in lakhs of Rs.)

S. No.	Source of Revenue	Amount	Percentage of 3 to total revenue
1	2	3	4
1.	Income Tax (State share).		
	1951-52 (Actuals)	12.53	.8
	1956-57 (B.E.)	198.45	7.9
2.	Union Excise Duties.		
	1951-52 (Actuals) .. .. .	..	..
	1956-57 (B.E.)	80.35	3.2
3.	Estate Duty and Other Centrally collected taxes assigned to States.		
	1951-52 (Actuals) .. .. .	..	..
	1956-57 (B.E.)	8.51	.4
4.	Central Grants-in-aid.		
	1951-52 (Actuals)	5.00	.3
	1956-57 (B.E.)	432.18	17.3
5.	Proceeds of State Taxation exclusively with- in State sphere.		
	1951-52 (Actuals)	1150.00	73.9
	1956-57 (B.E.)	1239.99	49.6
6.	Other sources.		
	1951-52 (Actuals)	387.66	25.0
	1956-57 (B.E.)	539.48	21.6
7.	Total Revenue.		
	1951-52 (Actuals)	1555.19	
	1956-57 (B.E.)	2498.96	

9—10. These figures illustrate the changes that have taken place in the size and pattern of the State revenue since its financial integration with the Union. In common with other States, Rajasthan is becoming increasingly dependent on the shared (or fully allocated) proceeds of certain items of Central taxation and on Central Grants to maintain its development activities and financial stability.

Note.—The B. E. figures for 1956-57 are used in this context as they relate to Rajasthan before Reorganisation and are readily comparable with those of earlier years.

CHAPTER 10

THE STATE'S TAX EFFORT

10—1. On its constitution as a new State, Rajasthan had to readjust the tax structures of the Covenanted States in order to secure fiscal uniformity throughout its territory. In this process of unification a certain, though relatively small, amount of additional revenue was secured.

10—2. The abolition of Jagirs and the introduction of Land Revenue Settlement in the ex-Jagir areas has had the effect of progressively raising Land Revenue realisations ultimately by about Rs. 2.8 crores of which an increase of Rs. 2.48 lakhs has already materialised. But as compensation to Jagirdars and other expenses of the scheme have to be met from these realisations, the increase of revenue arising from this scheme is of potential, rather than of immediate, significance.

Additional Taxation under First Five Year Plan.

10—3. Extensive tax effort was needed to provide funds for development schemes and to make up for the loss of revenue from internal transit duties which it had been decided to abolish by 1955-56. The five year target of additional taxation for Rajasthan was fixed at Rs. 3.3 crores by the Planning Commission. The following were among the steps taken to augment the State revenues.

10—4. The Rajasthan Sales Tax Act was passed in 1954 and came into effect on 1st July, 1955. This Act has since been amended in 1956 and again in 1957, with a view to increasing receipts from this source.

10—5. The Agricultural Income Tax Act was passed in 1953 and came into force from 1954. By a subsequent amendment in 1957, the rates of taxation were raised and the limits of exemption were lowered.

10—6. The taxes on Motor Vehicles were standardised for the whole State in 1951. The rates of taxation were revised upwards in 1956.

10—7. Motor spirit on which an import duty of annas -/4/- was levied until April, 1955 was raised to annas -/5/- per gallon and levied in the form of a Sales tax.

10—8. Under the Rajasthan Irrigation and Drainage Act, 1954, Government took power to impose special water rates on lands irrigated by new projects. Schedules of rates were fixed under this Act for areas irrigated by the various categories of projects.

10—9. Under the Rajasthan Lands Special Irrigation Charges Act, 1953, Government was empowered to charge betterment levies. Necessary rules have also been framed but betterment charges have not actually been imposed so far.

10—10. The State Legislature passed a resolution authorising Parliament to legislate on the subject of Estate and Succession Duties on agricultural land. Accordingly the relevant provisions of the Central Estate Duty Act, 1953 became operative in the State of Rajasthan.

10—11. During the current year legislation has been passed for levying taxes on entertainments.

10—12. State Excise Duties on alcoholic beverages and narcotics have been progressively raised, the increase being 12% in case of country distilled liquor and as much as 78.6% in the case of opium.

10—13. According to the Planning Commission, the achievement of the State by way of additional taxation (1951-56) is estimated at Rs. 2.6 crores, as against the target of Rs. 3.3 crores.

10—14. The following table gives the receipts in 1951-52 and 1956-57 under different heads of State taxation:—

(In lakhs of Rs.)

	1951-52	1956-57 (Preliminary Actuals)	Increase(+) Decrease(—)
Agricultural Income tax .. ..	.. ..	2.98	(+) 2.98
Land Revenue	315.33	544.30	(+) 228.97
State Excise Duties	298.85	315.41	(+) 16.56
Stamps	47.33	68.04	(+) 20.71
Forest	39.62	59.15	(+) 19.53
Registration	3.66	7.09	(+) 3.43
Taxes on Vehicles	24.76	53.97	(+) 29.21
Sales Tax .. ..	.. ..	239.28	(+) 239.28
Inter State Transit Duties	419.47	3.20	(—) 416.27
Other Taxes (excluding Sales tax and Internal Transit Duties) .. ..	.98	1.12	(+) 14
TOTAL	1150.00	1294.54	(+) 144.54

10—15. To a small though not negligible extent, the increases shown in the last column are attributable to the inclusion of receipts from Ajmer area for 5 months in 1956-57. The receipts from agricultural income tax (+Rs. 2.98 lakhs) and Sales tax (+Rs. 239.28 lakhs) are clearly the result of new tax effort. As regards other heads, increased receipts due to new taxation cannot be easily isolated from trend increases in all cases. Nevertheless, the figures point to one broad conclusion, viz., that while a substantial increase of revenue has accrued as a result of new taxation measures, it is hardly more than sufficient to cover the loss due to discontinuance of internal transit duties. Receipts from State taxation stand today at a level which is not significantly higher than in 1951-52; and if compensation to Jagirdars is set off against additional land revenue from ex-Jagirs, the total State revenue would be even at a somewhat lower level than in 1951-52.

Additional Taxation under Second Five Year Plan.

10—16. The Second Five Year Plan calls for new measures of taxation as noted below, with a target of Rs. 8 crores for the 1956-61 period—

	(Rs. in crores).
(a) Irrigation (by the levy of water charges in newly irrigated areas)	2.5
(b) Taxes on motor vehicles (by higher rates of taxation and increases in the number of Motor vehicles)	1.0
(c) Stamps	0.1
(d) Sales tax (by withdrawal of exemptions and increasing of rates and by trend increase)	2.0
(e) Land Revenue (by revision settlement and increase in area under occupation)	0.5
(f) Special cess on commercial crops	0.2
(g) Urban assessment or ground rent	0.2
(h) Agricultural income tax	0.2
(i) Betterment levy	1.3
	<hr/>
Total	8.0
	<hr/>

10—17. The target of receipts from additional taxation has since been raised to Rs. 11 crores.

The question of implementing this programme and of taking other feasible measures for augmenting the State's resources will be discussed in connection with the relevant heads of revenue.



सत्यमेव जयते

CHAPTER 11

LAND REVENUE

11—1. The total area of Rajasthan is 1,32,000 sq. miles of which 30,800 sq. miles of area is unculturable being hilly or desert area or having been permanently appropriated for special purposes e.g. forests, abadis, reservoirs etc. The culturable area is about 1,01,200 sq. miles.

11—2. The total number of villages is 34,642 of which a small proportion, less than 5 per cent, are uninhabited villages.

11—3. *Land Tenures*.—Until the Jagirdari Abolition Act came into force in 1952 lands were broadly classed as Khalsa and non-khalsa. Khalsa lands were lands under the management of the Government which received land revenue directly from the occupants. The non-khalsa lands were in the holding of Jagirdars.

11—4. The Jagirdars paid annual tributes which were not subject to revision. Conditional on the payment of such tributes and the discharge of certain feudal obligations which had ceased to be onerous with the passage of time, they enjoyed freehold rights in respect of the lands assigned to them.

11—5. *Zamindari and Biswadari*.—There are other intermediaries in certain parts of the State known as Zamindars and Biswadars with varying rights in respect of land. The revenue payable by them to the State is subject to periodical revision.

11—6. *Revenue Settlement*.—At the time of the constitution of the present State of Rajasthan (1950) 14,400 Khalsa villages and 5,400 non-khalsa villages had been settled for revenue purposes.

11—7. Settlement operations of a sort had been conducted in some of the ex-princely States as early as in the beginning of the 19th century. But it was only after 1870 that settlements purporting to be scientific came to be introduced in these States.

11—8. Revision Settlements were also made but at no statutorily fixed intervals. They were as a rule undertaken when economic conditions seemed to favour an enhancement of the rates of assessment.

Principles of Settlement

11—9. *Basis of assessment.*—In nearly all the States, Government demand on individual fields is fixed in the form of rent rates, which, in theory, represent the cash equivalent of the State's share of gross produce. This share has been uniformly taken at 1/6th of the value of gross produce in all settlements brought into effect after the year 1952. But prior to that the proportion of gross produce claimed by the State varied, and was generally higher, being 1/3rd in certain cases and 1/4th in others.

11—10. The following Districts contain fairly large tracts in which the current rent rates were fixed at a higher proportion than 1/6th of the value of gross produce:—

- | | |
|--------------------|----------------|
| 1. Nagaur. | 6. Jhalawar. |
| 2. Jaipur. | 7. Bundi. |
| 3. Sawai Madhopur. | 8. Ganganagar. |
| 4. Jhunjhunu. | 9. Banswara. |
| 5. Sikar. | 10. Dungarpur. |

11—11. *Commutation rates.*—Assessment in kind prevailed in a few places until 4 years ago. But at present, all rent rates are fixed in monetary terms. The commutation rates adopted for determining the cash value of agricultural produce have varied from time to time. The earliest of the settlements (or re-settlements) now in operation was completed so long back as 1912. Since then re-settlements were introduced in the various parts of the State from time to time. For purposes of commutation the average of the prices of 20 normal years immediately preceding settlement is usually adopted. The prices of all the principal crops in the area (including commercial crops, if any) are taken into account. The average prices worked out in settlement reports of 1956-57 for some typical tracts are noted below, showing in juxta position the prices worked out in the reports of the earlier periods:—

(Price per maund in Rupees)

Crop.	Adopted in 1906	Adopted in 1926	Proposed now (1956-57).
Joar	2-3-6	2- 4-6	3- 0-0
Maize	2-1-0	2- 1-9	2-12-0
Wheat	3-2-3	3- 3-3	3-12-0
Gram	2-5-0	2- 6-3	3- 4-0
Alsi	2-5-0	2-10-0	5- 0-0

11—12. *Terms of Settlement.*—The usual term of settlements or re-settlements is 20 years. But for special reasons it may be shorter. For example:—

5 Years only.

Dungargarh ..	..	Tehsil
Bhadra ..	..	Tehsil
Lunkaransar ..	..	Tehsil
Dungarpur ..	..	(District)

8 Years only

Tehsil Banera

9 Years only

Banswara

10 Years only.

Jahazpur ..	..	Tehsil
Nagore ..	..	"
Jawai Command area		"
Kishangarh ..	..	"
Rupangarh ..	..	"
Barod ..	..	"
Itawa ..	..	"
Anta ..	..	"
Sujangarh ..	..	"



11 Years only.

Toda Bhim ..	..	Tehsil
Mahwa ..	..	"
Rajsamand ..	..	"
Partapgarh ..	..	"
Achnera ..	..	"

12 Years only.

Magra ..	..	Tehsil
Bikaner ..	..	"
Nokha ..	..	"
Hindaun ..	..	"
Nandoti ..	..	"
Churu ..	..	"
Ratangarh ..	..	"
Anopgarh ..	..	"
Suratgarh ..	..	"
Hanumangarh ..	..	"

13 Years only.

Kotputli	..	..	Tehsil
Dausa	..	..	"
Bamanwas	..	..	"
Gangapur	..	..	"
Khandar	..	..	"

14 Years only.

Amber	Tehsil
-------	----	----	--------

15 Years only.

Bandikui	..	..	Tehsil
Sikarai	..	..	"
Sawai Madhopur	..	..	"
Maladsa	..	..	"
Kherwara	..	..	"
Saira	..	..	"
Hooda	..	..	"

16 Years only.

Chaksu	..	..	Tehsil
Bairath	..	..	"
Neem-ka-thana	..	..	"
Dantaramgarh	..	..	"

18 Years only.

Ballabhnagar	..	..	Tehsil
Begu	..	..	"

19 Years only.

Sanohore	..	..	Tehsil
Chohtan	..	..	"
Jaswantpura	..	..	"
Girwa	..	..	"
Phalasia	..	..	"
Dungla	..	..	"
Chittorgarh	..	..	"

11—13. *Settlement operations.*—In order to arrive at the average gross produce a number of crop cutting experiments are carried out and the results are examined in conjunction with other relevant data. The general economic conditions of the area e.g. rainfall and proportion of good and bad years, the level and trends of land values and rentals, communications, proximity to markets, increase or shrinkage of cultivation and ease or difficulty of collecting revenue demand in previous years are also studied.

11—14. In the light of these various considerations the aggregate amount of rent demand for the area is determined and this demand is distributed over the assessment circles and ultimately over the individual fields (khasras) according to their relative productivity.

11—15. The preliminary operations include as in other States a cadastral survey, measurement of fields and mapping, soil classification, water classification and the grouping of villages with comparable economic conditions into assessment circles.

11—16. *Re-settlement operations.*—Re-settlement work is conducted on the same lines as the original settlement, with the records and results of the earlier settlement as starting points.

The preliminary operations though somewhat simpler than in the original settlement are still fairly detailed. They comprise:

I. *Map correction or re-survey.*—According to the situation—If either the old map has become completely unworkable or the old survey was not correct, re-survey becomes essential.

II—*Soil classification:*

III—*Attestation and verification of Records including preparation of the following statements:—*

- (1) Statement of wells.
- (2) Statement of tanks.
- (3) Statement of Fruit trees.
- (4) Statement of boundary marks.
- (5) Area statement.
- (6) Crop statement.
- (7) Wazhaul area.
- (8) Statement of per demand, collections, remissions and arrears.

- (9) Census of men and cattle.
- (10) Statement of holdings by caste.
- (11) Village Note.

IV—Rent Rate Report.

11—17. *Rates of assessment.*—For purposes of assessing rent rates lands are broadly classified as—

- (a) Chahi.
- (b) Nehri.
- (c) Barani.

Chahi are lands irrigated by wells. The existence of tappable underground water resources makes them specially valuable in a State containing vast arid tracts. Depending on the soil, Chahi rates vary from Rs. 35/- to Rs. 3/- per acre. The highest rates prevail in the Jaipur District and the lowest in Barmer.

Nehri rates are assessed on lands which are irrigated by surface flow from canals.

Where the source of water supply is from a large work of irrigation constructed by Government, separate water rates are levied. But in certain tracts, principally in the Udaipur Division they are assessed to a combined wet rate (Nehri). Nehri rates range from 21/1/6 in Tonk to 1/14/- in Pali.

Barani lands are dry lands dependent wholly on rainfall. Some of them have rich soils on which valuable crops like cotton, wheat, maize can be raised. The lowest classes of Barani land are fit only for use as grazing lands.

The rates on barani lands capable of cultivation vary from Rs. 8/9/6 to -/15/- per acre. Only nominal rates which are as low as annas -/1/3 per acre are assessed on barani lands of the poorest classes.

Incidence of assessment.—The following table illustrates the rates of assessment in some typical tracts in Rajasthan as compared with rates on similar land in adjoining States and in Ajmer which until recently was a Part C State.

RAJASTHAN

Name of Tehsil	R A T E S P E R A C R E									
	CHAHNI		NEHRI		BARANI		BANJER			
	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest	Highest	Lowest
1	2	3	4	5	6	7	8	9		
Sarwar (Kishangarh)	17/1/-	5/14/-	11/12/-	8/12/-	4/14/-	1/3/-	-/15/-	-/10/-		
Bewar (Ajmer)	11/8/-	2/9/-	3/8/-	2/-	1/8/-	-/5/-	-/9/-	-/6/-		
Deogarh (Udaipur)	15/-	4/3/6	8/3/-	1/9/-	2/1/9	-/11/3	-/13/-	-/5/6		
Ajmer	13/8/-	2/9/-	9/6/-	2/12/-	2/6/-	-/12/6	-/9/-	-/4/-		
Kishangarh	18/-	3/8/-	5/15/-	2/12/-	2/6/-	-/15/-	-/12/6	-/6/-		
Sojat (Pali Distt.)	16/4/-	5/6/-	..	..	2/3	1/7	..	..
Narwa (Nagore Distt.)	15/-	4/-	4/8/-	2/8/-	2/8	-/8/-	..	-/2/-		
Phulera	13/4/6	8/12	21/1/6	8/9/4	8/9/6	2/5/6	1/9/-	-/6/3		
Narwa (Itawa)	25/-	9/6/-	..	..	2/1/9	-/11/3	-/15/-	-/5/7		
Bassi (Tonk)	14/1/-	5/12/6	..	..	..	..	-/10/-	-/2/6		
Amet	12/8/-	2/3/-	..	..	3/4/-	1/2/-	-/14/-	-/4/-		
Banswara	19/2/-	4/12/-	6/6/-	3/4/-	6-14/6	-/12/9	1/5/-	-/2/-		
Dusa	20/-	5/-	8/1/6	5/-	..	..	1/9/-	-/11/-		
Gargapur	24/7/3	3/10	10/8/9	3/8/3	..	..	..	..
Partapur	..	..	..	..	..	..	..	..

PUNJAB

Statement showing the soil rates of Punjab in areas adjoining to Rajasthan.

1	2	3	4	5	6	7	8	9
1. Sirsa	3/-	-/12/-	-/10/5	..	..	-/7/5
2. Bhiwani	-/3/4	-/3/-
3. Rewari	..	2/-	..	..	1/5	-/10/-	..	..
4. Narnaul	..	5/-	..	..	2/-	-/4/9	-/4/-	-/4/-
5. Mohindargarh	..	4/4/-	..	..	1/3/6/	-/4/-	-/4/-	-/3/6

State Government has levied a surcharge equal to one-fourth of the amount of land revenue, where it exceeds Rs. 10/-/- but does not exceed Rs. 30/-/-, and two-fifth of the amount of land revenue where it exceeds Rs. 30/-/-.

Statement showing the soil rates of Madhya Bharat in areas adjoining to Rajasthan.

Name of District	Rate		Per		Bigha		Banjar	
	Chahi		Nehri		Barani			
	Max.	Min.	Max.	Min.	Max.	Min.		
1. Mandseur	9/12/-	3/12/-	..	..	4 1/2/-	1 1/2/-	-14/-	-4/-
2. Guna	2/8/-	1/12/-	..	..	2/8/-	4/-	-4/-	-2/-
3. Ratlam	10/-	4/-	..	..	3/3/-	14/-	-14/-	-2/-
4. Dewas	20/-	6/8/-	..	..	6/6/-	12/-	-6/-	-9/-



मध्यप्रदेश नयन

CHAPTER 12.

LAND REVENUE (*continued*).

12—1. Until recent years few Governments in India would have thought of adding to the fiscal burdens on land, except by the regular process of re-settlement at long intervals, or by the levy of light cesses for local or special purposes. Owing to agricultural depression in the thirties, re-settlements which generally meant enhancing the rates of assessment were suspended in several States and Provinces having regard to the adverse economic conditions existing at the time. The increase in the prices of agricultural produce during and since the Second World War and the feeling that the high prices have come to stay are changing the hitherto current view that land taxation was already near ceiling levels. The abolition of intermediaries and the introduction of tenancy reforms have improved the income of some categories of cultivators without any effort on their part. At the same time, the incidence of new measures of Central and State taxation has fallen more lightly on land owning classes than on urban population. The question of obtaining additional revenue from land has thus come to be viewed from a new angle.

12—2. By the resumption of Jagirs a very significant increase of land revenue has already been secured in several States though the increased receipts have to be set apart for some years for payment of compensation to the intermediaries.

12—3. The following are among the other directions in which some of the State Governments have sought to augment their revenue from land:—

1. By the levy of surcharges on existing rate of assessment.
2. By the imposition of taxes on agricultural incomes.
3. By the levy of a special assessment or ground rent on lands appropriated to non-agricultural purposes.
4. By the levy of a special cess on commercial crops.

Surcharges on land revenue.

12—4. A surcharge is the easiest expedient for increasing receipts from an existing source of revenue but it cannot be applied

indiscriminately. When the basic rates are uneven the levy of a surcharge would only accentuate the inequalities of incidence already existing. For this reason, the rates of assessment in some States were adjusted in relation to a common price level before levying surcharges.

12—5. In Madras the Land Revenue (Additional Surcharges) Act, 1955 enables the levy of surcharge for every fasli at the rate of two annas on every rupee of land revenue payable by each landholder. The Act empowers the Government to distribute the net proceeds of the surcharge among such local authorities as the Government may determine. (In view of this provision the provision for making grants to Class II Panchayat contained in Section 71 of the Madras Village Panchayats Act, 1950 has been omitted).

12—6. In the former State of Hyderabad surcharge was levied at the rate of annas two per rupee of land revenue on dry land and one anna per acre of land revenue on irrigated land.

These levies are in effect an arbitrary revision in an upward direction of settlement rates, and only justified because the current settlements took place many years ago and there has since been a considerable and permanent increase in the price of agricultural produce.

12—7. In Rajasthan, the levy of a surcharge on land revenue at a flat rate per every rupee of assessment would not be appropriate in the existing conditions. There is no uniformity in the level of assessments or in the mode of determining them. The principles and practice of settlement varied in the several covenanting States, and they are not quite uniform even in settlements made in the present State of Rajasthan since 1950. Land Revenue assessments in Rajasthan represent the State's share of the gross produce. During certain periods this share was fixed at $\frac{1}{3}$ rd, during others at $\frac{1}{4}$ th, and at present at $\frac{1}{6}$ th of the value of gross produce. The current settlements reflect these variations. Under present tenancy law $\frac{1}{6}$ th of the value of gross produce is also the highest rate of rent which a landlord may legally demand from his tenant. It would be awkward if the Government, by imposing a surcharge on the rent rate, exceeded the limits of rent that it has set for private landowners.

The Taxation Enquiry Commission have pointed out the inadvisability of superimposing surcharges on the existing rates of land revenue assessments until these rates are standardised and placed on a common basis of commutation rates, as has been done in Madras and Andhra Pradesh.

In Rajasthan standardisation of land revenue assessment would not be an easy or speedy process as inequalities in the rates of assessment are due to more than one factor. But the inequalities could be evened out in the process of resettlement.

12—8. There is, however, another type of surcharge on land revenue which has come into vogue. This surcharge is not levied in respect of all lands but only on the revenue paid by the larger landowners.

Madras—In Madras every landlord paying an aggregate assessment of Rs. 500 or more is liable to surcharge at the following slab rates:—

On the first Rs. 250 of land revenue.	Nil.
On the next Rs. 250 of land revenue	12 nP. per rupee.
On the next Rs. 500 of land revenue.	25 nP. per rupee.
On the balance of land revenue.	50 nP. per rupee.

Andhra Pradesh—Recently the Government of Andhra Pradesh have introduced legislation revising the basis and rates of surcharge as follows:—

<i>Amount of land revenue</i>	<i>Rate of surcharge.</i>
Where the amount of land revenue payable is Rs. 10 or less.	Nil.
Where the amount of land revenue payable exceeds Rs. 10 but does not exceed Rs. 100.	Thirteen naye paise in the rupee on the total land revenue payable.
Where the amount of land revenue payable exceeds Rs. 100 but does not exceed Rs. 500.	Twenty five naye paise in the rupee on the total land revenue payable.
Where the amount of land revenue payable exceeds Rs. 500.	Fifty naye paise in the rupee on the total land revenue payable.

Punjab—In Punjab every landowner who pays land revenue in excess of Rs. 10 is liable to pay a surcharge thereon to the extent of one quarter of land revenue if the amount payable by him as land revenue does not exceed Rs. 30, and $\frac{2}{5}$ th of the land revenue where the amount payable by him exceeds Rs. 30.

12—9. In the three instances just mentioned the surcharges are intended to regulate the burden of land tax according to the paying capacity of the assessee; introducing an element of progression in the present land revenue system. The surcharge, in other words, is intended, to some extent, to serve the same purpose as the agricultural income tax, but its coverage will be wider and a larger number of well-to-do landowners will come within its scope. The mode of assessment will be simpler and less troublesome to the assessee and there will be little room for evasion.

For these reasons we recommend that in place of the agricultural income-tax a surcharge on land revenue may be levied as indicated below:—

Where the amount of land revenue payable.

- | | |
|---|------------------------------------|
| (1) exceeds Rs. 100 but does not exceed Rs. 250 | 6½% |
| (2) exceeds Rs. 250 but does not exceed Rs. 500 | 12½% |
| (3) exceeds Rs. 500 | 25% on the entire revenue payable. |

As the rates of assessment on chahi lands in this State are already high and as the assessment on nehri lands includes an element of water rate also, some adjustments have to be made to secure, as far as possible, a fair basis of assessment on all classes of land. It may, therefore, be provided that only one third of the assessment payable on nehri and chahi lands shall be taken into account for the purpose of calculating the total land revenue on which surcharge is to be levied.

Agricultural Income Tax.

12—10. This subject is dealt with in another Chapter.

Non-agricultural Assessment.

12—11. The Taxation Enquiry Commission has recommended that a regular system of assessment of lands used for non-agricultural purposes should be introduced on the lines of the system prevailing in States like Bombay. They observed further that the non-agricultural uses are mainly for construction of residential buildings or factories and the levy of the non-agricultural assessment will have to differ according to the use of which the land is put. Such assessment will have to be related to the market value of the property and where this is not feasible to its rental value.

12—12. The Rajasthan Land Revenue Act, 1956, provides for the levy of non-agricultural assessment. In one form or other this was being levied in the former States of Jaipur and Udaipur.

12—13. There are two ways in which appropriation of agricultural land for non-agricultural purposes is usually taxed:—

(1) By levying a conversion fine, nazrana, payable as a lump sum in consideration of the permission given to appropriate land for non-agricultural purposes.

(2) By the levy of non-agricultural assessment or ground rent, payable from year to year.

In some cases both these charges are collected.

In Jaipur City, non-agricultural assessment is charged at 4% on the price of the land. We are of opinion that non-agricultural lands in and near other growing towns and business centres in the State might be charged similarly (1) nazrana equal to one-half or one-third of the increased value accruing to the land as a result of its conversion and (2) an annual urban or non-agricultural assessment according to the importance of the town in or near which the land is situated and the purpose (residential or industrial) for which it is used. Option should be given to the holder of land to make a lump sum payment in lieu of urban or non-agricultural assessment.

12—14. In rural and semi-rural areas, the charge should be collected on the same basis as in the towns, but at reduced rates, if land is used for the construction of a factory but if it is used for the construction of residential houses, the capitalised value of the annual assessment (at 25 times such assessment) may be collected in a lump sum and freehold rights given to the owner.

Special Cess on Commercial crops.

12—15. This was proposed by Rajasthan Government as one of the items for financing the Second Plan. Receipts on this account (over a period of 5 years) were estimated at Rs. 20 lakhs i.e. an average of Rs. 4 lakhs per year.

In only one State viz., Andhra Pradesh in this measure of taxation in the form of an acreage levy being pursued. The following are the rates of cesses proposed in Andhra Pradesh.

<i>Crop.</i>	<i>Rate of special assessment.</i>
1. Casuarina.	Re. 1 per acre.
2. Cotton.	Re. 1 per acre.

3. Coconut.	Rs. 3 per acre.
4. Tobacco.	Rs. 3 per acre.
5. Turmeric.	Rs. 5 per acre.
6. Sugarcane.	Rs. 5 per acre.
7. Plantains.	Rs. 5 per acre.
8. Chillies.	Rs. 3 per acre.
9. Citrus fruit.	Rs. 2 per acre.
10. Groundnut.	Re. 1 per acre.

In Punjab a cess is proposed to be levied on the marketed produce of commercial crops at the following rates:—

Cotton	—Re. 1 per cent. of the value of cotton marked.
Gur	—2% on the sale price of gur marketed.
Chillies	—Rs. 2 per maund.
Groundnut	—Re. 1 per maund.

One objection to this method of taxation is that it is difficult to assess the area cultivated with these special crops and more so to estimate the value of the marketed produce. If the commercial crops are grown in scattered patches or mixed with other crops, the difficulty would be even greater.

The assessment of the cess also affords room for leakage and corruption.

The area under commercial crops in Rajasthan in the year 1955-56 are noted below:—

<i>Name of crops.</i>	<i>Area in acres.</i>
Chillies.	40,000
Cotton (deshi).	6,09,000
Sugarcane.	64,000
Cumin seed (Zeera).	70,000
Groundnut.	1,63,000

The difficulties mentioned earlier would not be present if the cess was collected only on commercial crops raised in irrigation project areas as they are subject to a water rate which is regularly assessed and which might be suitably raised. We accordingly suggest that the water rate on Cotton and Zeera in all project areas, old and new, be increased by Re. 1, i.e. from Rs. 7 to Rs. 8 per acre.

Crops raised on dry or well irrigated lands would not be paying any additional levy. But in the case of well irrigation considering the high cost of lifting water, the non-levy of an additional burden would be justified.

With regard to the sales tax on the produce of the special crops the rates of taxation are noted below:—

Zeera.—The sales tax is 3-1/8% on internal sales and 2% on export. No change is recommended.

Raw Cotton (ginned or unginned).—The existing rate is 1% on both internal and export sales. The rate on the latter cannot be increased having regard to the provisions of the Central Sales Tax Act.

Gur—The general rate of 3-1/8% applies.

Land Revenue Resettlement.

12—16. The currency of a settlement (or resettlement) in this State is generally for a period of 20 years. But in a number of cases the period has been shortened to 10 years or less. We consider that in future resettlements, the rates of assessment should be guaranteed for a period of 10 years. This is a period long enough to give the landholders a sense of security, but not so long to prevent the settlement rates being readjusted with reasonable promptness in the event of any large and enduring changes occurring in the price level of agricultural produce.

12—17. Resettlement need not, however, be undertaken once in 10 years as a matter of course, i.e. unless there has been a material change in the economic conditions of the tract or in the price levels of agricultural produce. It would be improper to postpone resettlement on the ground that it might result in a downward revision of the existing rates of assessment and consequent loss of revenue to the State. Such a policy no doubt finds some countenance in section 144 of the Rajasthan Land Revenue Act, 1956 but it cannot be said to be a sound or equitable policy.

12—18. Revenue settlement work in the State has been intensified since the formation of Rajasthan in 1950 and a large area (62,500 sq. miles) has been settled. To speed up the operations the Settlement Department has been expanded to a size far in excess of normal requirements. According to Budget Estimates of 1957-58 it consists of a Settlement Commissioner (I.A.S. scale), 2 Additional Settlement Commissioners (I.A.S. scale), 9 Settlement Officers (I.A.S. and R.A.S. scales), 61 Assistant Settlement Officers and a large number of non-Gazetted Officers and Class IV Servants, making a total strength of 2934 persons. The number of Officers

and the expenditure of the Department since 1950-51 is given in the following table:—

<i>Year.</i>	<i>No. of Officers.</i>	<i>Total expenditure. (Rupees)</i>
1950-51	32	25,12,905 (Actuals)
1951-52	65	29,97,755 (Actuals)
1952-53	68	29,89,091 (Actuals)
1953-54	68	33,05,660 (Actuals)
1954-55	68	39,68,848 (Actuals)
1955-56	88	41,83,450 (Actuals)
1956-57	85	47,80,000 (B.E.)
1957-58	73	46,32,000 (B.E.)

12—19. The work of original settlement in the State is nearing completion. Excluding Jaisalmer in which a summary system of settlement has been adopted, there are only 616 villages which have yet to be settled and in most of these, it is understood, field work has already been completed.

12—20. A programme has now to be drawn up for the re-settlement of the tehsils of which current settlements have expired or will expire in the next few years. In connection with future resettlement work a radical change of methods is necessary.

12—21. In Rajasthan the processes of resettlement include the following:—

- (a) Map correction or resurvey.
- (b) Soil Classification.
- (c) Attestation and verification of records including preparation of the following statements—
 1. Statement of wells.
 2. Statement of tanks.
 3. Statement of fruit trees.
 4. Statement of boundary marks.
 5. Area statement.
 6. Crop Statement.
 7. Wazhaul araz.
 8. Statement of per demand, collections, remissions and arrears.
 9. Census of men and cattle.
 10. Statement of holding by caste.
 11. Village note.
- (d) Rent Rate Report.

12—22. Much of this work could be dispensed with. Resurvey by actual measurement would be required only if the old maps had become completely obsolete. Regrouping of villages into assessment circles would be rarely needed. In the case of nehri lands, the land assessment should be recorded separately from the water charge. Apart from such details, resettlement work undertaken hereafter should be mainly in the nature of standardisation of land revenue assessment with reference to (a) the State's share of produce and (b) commutation prices; the principles and data adopted in the recent settlements should be applied uniformly. A certain measure of basic uniformity of assessment, which is a *sine qua non* of a progressive land revenue policy, could be thus secured without elaborate economic surveys.

12—23. The changes in the method of resettlement suggested by us are based on authoritative opinion on the subject. The Madras Land Reforms Committee observed as follows:—

“Although in theory many factors were taken into consideration, the enhancements (of settlement rates) were based mainly on the enhancement in the value of the produce, and in view of that, the time and labour spent and the expenditure incurred, over the other elaborate enquiries attendant on resettlements, become unnecessary..... We recommend that periodical resettlements of the kind that we had in the past should stand abandoned”.

The Taxation Enquiry Commission have observed—

“The method of revision adopted should be such that it can be carried out more or less automatically without the intervention of an elaborate administrative machinery operating on small units over long periods at disproportionate cost.”

12—24. In Madras and former Andhra States, resettlement has been given up but the rates of assessment have been standardised on a broad consideration of price levels. In the former Hyderabad State similar proposals were under consideration at the time the States Reorganisation Act came into effect.

12—25. With the adoption of the simplified procedure recommended in para 12-22, resettlement operations could be carried out expeditiously and with a greatly reduced staff. Pending the determination of the strength of the establishment to be retained for the purpose, steps should be taken to fill vacancies arising in other departments by the transfer of officers and subordinates now employed in the Settlement Department.

CHAPTER 13

LOCAL CESSES ON LAND REVENUE.

13—1. A number of cesses on land revenue under different names were levied in the former Covenanting States. In the Memorandum submitted by the State Government to the Taxation Enquiry Commission the following cesses were stated to be in force at that time (1953) in some part or other of Rajasthan.

1. Malba	| on rent realised from the cul-
2. Patwar Fund.	| tivators.
3. District Board Cess	|
4. Chowkidars	| Realised both from agricul-
	| turists and non-agriculturists.
5. Local rates.	| Realised on land revenue.
6. Sarak-Madarsa.	|

In the said Memorandum the Government noted that the cesses could be grouped in the following 3 classes:—

(i) Cesses deposited either partly or wholly in the Government Treasury.

(ii) Cesses managed and contributed by village people or other local bodies and which do not form a part of Government revenue.

(iii) Cesses realised for and paid to individuals for specific service.

13—2. In addition to these cesses a variety of levies under different names were being collected by Jagirdars from the tenants and other inhabitants of villages and by the Government from the estate holders. In 1946-48 the former State Governments ordered the abolition of these levies known as lag bags but the old practice has continued in many places. A Committee appointed in 1953 to examine the position of these various levies classified them under 4 heads viz,—

- (1) Cesses to be continued for the present,
- (2) Cesses to be abolished,

(3) Cesses to be retained by local authorities, and

(4) Cesses to be abolished after consulting the Jagir Commissioner.

The question of cesses levied for legitimate public purposes got mixed up with that of exactions of Jagirdars, which were prohibited under the Law.

13—3. We are here concerned only with the former class of cesses. They are of two kinds, viz. (a) cesses levied for payment of remuneration to Patwaries, Lambardars and other village servants and (b) cesses levied for the benefit of local bodies.

Cesses for remuneration of village Officers.

13—4. Except in a few of the former States, cesses known as Patwar, Malba, Dachina etc. provided the funds for the remuneration of village officers. They were usually recorded in the Settlement Reports and formally sanctioned by the State Government while approving of Settlement proposals.

The High Court of Rajasthan held in Writ case No. 137 of 1953 that the Patwar and Malba cesses in Jaipur District were collected without legal authority. Thereupon the State Government ordered suspension of these cesses in all Districts of the Jaipur Division. This was in 1955.

13—5. Shortly afterwards it came to the notice of the Government that Patwar cesses were being collected in former Bikaner territories under a law passed by the former Bikaner Government. As this law had been repealed by Rajasthan Land Revenue Act, 1956, and no provision had been made in the latter Act to keep alive the cesses in question, their collection was ordered to be stopped in these territories also.

13—6. Nevertheless the collections have been continued in a few Districts, e.g. Alwar, Bundi and Bikaner Districts. The amount of revenue sacrificed by the decision to stay the collection of cesses was not ascertained, though it must have run into lakhs of rupees, nor was any alternative course of action considered to legalise the cesses or provide other means of remunerating the village officers and servants in question. They are still waiting for payment of their remuneration. The magnitude of the total liabilities thrown on the Consolidated Fund by suspending the recovery of the cesses

has yet to be ascertained. (In the District of Bikaner, Ganganagar and Churu, the annual realisations are reported to be—

Patwar Cesses.	Rs. 10,66,441)	
Local rate.	Rs. 7,19,447)	Total
Pichotra Chand Kund &)		
Bhoonga.)	Rs. 4,59,023)	Rs. 22,44,911

District Boards and Panchayat Cesses (Local rates).

13—7. The situation with regard to these cesses is also confusing but for a different reason. In several Districts the local rates are being collected and the proceeds paid to the respective local bodies. This is done under old laws, while the relevant provisions of the new Acts, viz. the Rajasthan District Boards Act and the Rajasthan Panchayat Act remain unimplemented, probably for the reason that the mode of levy contemplated in these Acts from tenants, landlords and Khudkast holders, have become obsolete owing to recent changes in the system of land tenures.

In lieu of the taxes provided for in the Panchayat Act, the Panchayats receive grants-in-aid equal to 6½% of the land revenue collected in their local jurisdictions. The total amount required for the payment of these grants is estimated at Rs. 15 lakhs. In addition, it is proposed to make discretionary grants to the extent of Rs. 10 lakhs. Thus altogether a sum of Rs. 25 lakhs has been provided in the budget for payments to Panchayats.

For grants-in-aid of District Boards, the budget provision is Rs. 5,63,000/-. This was intended to meet claims under Section 157 of the District Boards Act which provides for a contribution of 75% being made by Government towards certain classes of expenditure incurred by the Boards. Some applications for such subsidies have been received but they have not been sanctioned.

District Boards are functioning only in 11 Districts including Ajmer.

13—8. *Education or Development Cess.*—Recently a proposal was mooted to levy an education cess (or development cess) for the purpose of increasing the State's resources to finance programmes of primary education. We have elsewhere noted that until the basic rates of land revenue assessment are evened out, it is inadvisable to levy a surcharge on land revenue, as by doing so, the existing disparities of assessment would be accentuated. This objection applies equally to an education cess as a State-wide levy, as this is also a form of surcharge for State purposes.

Suggestions in regard to local cesses.

13—9. Cesses levied for purely local purposes or services stand on a different footing. Such cesses though similar to surcharges as regards their mode of levy, differ from the latter as regards their purpose and destination. While the surcharges are direct additions to the State demand, the cesses are a special levy by or on behalf of local bodies or for local services. As land revenue assessment in a limited area e.g. a village or a district, is as a rule, uniform; no question of unequal burdens on land can arise by reason of the imposition of local cesses. Land owners in the State, moreover, have for a long time been accustomed to pay such cesses and to regard them as a proper form of contribution for local purposes over and above the State demand.

13—10. The Taxation Enquiry Commission recommended the levy of cesses on land revenue at the minimum rate of 3 annas per rupee of land revenue for local purposes. It considered that it should be levied as a single consolidated cess rather than as a number of individual cesses earmarked for different purposes. We are also of the view that a multiplicity of cesses should be avoided. A single consolidated cess on land revenue assessment may be levied to replace—

(a) the Petwar, Malba and other similar cesses the collection of which has been suspended.

(b) the local rates levied under old laws for the benefit of District Boards, and

(c) the cesses and taxes referred to in section 113 of Rajasthan District Boards Act and in section 64 of Rajasthan Panchayat Act.

13—11. The cess may be levied initially at such rates as will secure at least the equivalent of present income from cesses. There are District Boards in 11 Districts. The rate of cess in Jaipur Division is 1 anna per rupee of revenue paid. In Bikaner Division it is levied at $\frac{1}{2}$ anna per rupee. In Ajmer District the rate is 3 pies per rupee of land revenue. The income from the cesses of the several District Boards for 1955-56 is given in Appendix I.

13—12. The proceeds of the cess may be utilised:—

(a) for payment of remuneration to village officers and servants who were remunerated till 1955 from Patwar and similar cesses, and

(b) for payment of compensation to District Boards for loss of revenue due to abolition of local rates.

The balance if any, may be distributed to Panchayats as subsidy.

13—13. The object of these proposals is only to restore and legalise the *status quo* before 1955 when the collection of the cesses was suspended. The rate of the cess and the mode of utilising its proceeds will have to be revised when the pattern of Local Self-Government to be set up in non-urban areas is settled.

Note I.—Section 64 of Rajasthan Panchayat Act reads as follows:—

"Taxes which may be imposed.—(1) Subject to the prescribed rules and any orders made by the State Government in this behalf, a Panchayat may with the previous sanction of the State Government impose one or more of the following taxes, namely:—

(a) a tax on the rent payable for the use of occupation of agricultural land not exceeding half anna in a rupee of such rent, such tax being payable by the person or persons severally or jointly in cultivatory possession of such land or in receipt of sayer income therefrom;

(b) a tax on rent received by any landholder on account of the use or occupation of agricultural land not exceeding half anna in a rupee of such rent, such tax being payable by a person or persons severally or jointly receiving such rent;

(c) a tax on the assumed rental value or khudkasht or hawala land, calculated in accordance with the provisions of law relating to land revenue in force for the time being, at the rate not exceeding half anna in a rupee of such value, such tax being payable by the person or persons severally or jointly holding such khudkasht or hawala land".

Note II.—The following is an extract of section 113 of the Rajasthan District Boards Act:—

"Board's power to levy cess.—A Board shall levy with the previous sanction of the State Government—

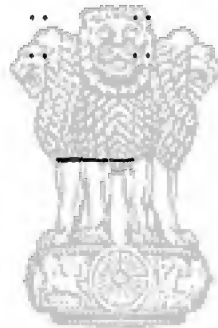
(a) in areas within its jurisdiction, whether settled or not where rent is wholly payable in cash, a cess of one anna per rupee of the rent so payable, and

(b) such areas where rent is payable wholly in kind or partly in kind and partly in cash, a cess equal to half of the cess mentioned in clause (a) calculated on the cash value of

APPENDIX-I

**Statement showing the Actual Cess Income for the year 1955-56 of
District Boards in Rajasthan except Ajmer District Board.**

S.No.	Name of the Board				Income from Cess.
1.	Jaipur	..	..	..	6,10,212-9-3
2.	Sikar	..	..	..	1,01,813-5-9
3.	Jhunjhunu	..	..	..	1,53,968-2-9
4.	Tonk (Malpura)	..	..	..	1,23,358-0-0
5.	Sawai Madhopur	..	..	..	3,51,803-11-0
6.	Bikaner	..	..	..	20,715-0-0
7.	Churu	84,653-0-0
8.	Ganganagar	2,96,222-0-0
9.	Bhim	2,661-13-9
10.	Dungarpur	86-15-0



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CHAPTER 14

AGRICULTURAL INCOME TAX

14—1. As has been observed by the Taxation Enquiry Commission “the real significance of the agricultural Income Tax lies in the consideration that the largest contributions will be secured from the higher incomes from land and, to that extent, the burden of land taxation rendered more equitable than at present”.

14—2. In Rajasthan the agricultural income tax is levied under the Rajasthan Agricultural Income Tax Act, 1953 as amended from time to time and the Rules made thereunder.

14—3. *Method of charging the tax.*—Under the 1953 Act the tax was charged on the total agricultural income of the ‘previous year’ of a person if such income exceeded, Rs. 6,000/-. This limit of exemption has now been reduced to Rs. 4000/-. Agricultural Income has been defined in the Act in the following terms:—

(i) rent, revenue or other dues derived from or on account of land used for agricultural purposes,

(ii) income derived from or on account of such land by agriculture, or by the sale by a cultivator or receiver of rent etc. in kind of the produce raised or received by him or by the performance by him of any process to render such produce fit to be taken to the market.

(iii) income derived from any building held for any of the aforesaid purposes.

14—4. The other provisions of the Act are analogous to those of Indian Income Tax Act, 1922.

14—5. *Agency for collection of the tax.*—The assessment and collection of the agricultural income tax is entrusted to the Excise and Taxation Department. There are three whole time ‘Agricultural Income Tax Officers’ who are exclusively employed on the assessment of agricultural income tax.

14—6. The Act provides for the assessment of the tax by the Agricultural Income Tax Officers. In case of objections first appeals lie to the Assistant Commissioner and second appeals to the Appellate

Tribunal. Provision has also been made in the Act for the exercise of revisional powers by the Commissioner and for reference by the Commissioner, or the Appellate Tribunal of specified cases to the High Court. A reference to the High Court lies on a point of law only and has to be heard by a bench of not less than two Judges.

14—7. *Rate of the Tax.*—The tax is charged on a progressive scale according to a slab system. The rates of income tax and super tax are laid down each year by the Annual Finance Act. The rates originally fixed for the year 1954-55 were continued in 1955-56 and 1956-57 and are shown in Appendix 'A'. The revised rates which have come into effect during the current year are given in Appendix 'B'.

14—8. *Exemption from the tax.*—Incomes from lands situated outside the State or from lands held under trusts or other obligation wholly for religious or charitable purposes are not liable to tax under the Act. The Act of 1953 also exempted persons owning not more than 60 acres of irrigated land or 180 acres of dry land. These limits have since been reduced to 40 acres of irrigated land and 120 acres of dry land.

14—9. *Receipts.*—The receipts from this source of revenue since the introduction have been as under:—

1953-54 (Actuals)	Nil.
1954-55 (Actuals)	3.87 lakhs.
1955-56 (Actuals)	4.37 lakhs.
1956-57 (Budget Estimates)	9.00 lakhs.
1957-58 (Budget Estimates)	8.00 lakhs.

14—10. The receipts are tending to decrease due to the resumption of Jagirs. The higher estimates for 1956-57 and 1957-58 take into account the arrears recoverable from the Jagirdars in respect of past years.

14—11. *Recommendations of Taxation Enquiry Commission.*—When the Taxation Enquiry Commission made its report, twelve States were levying taxes on agricultural incomes. Some of them (including Rajasthan) have since lowered the limits of exemption and raised the rates of taxation, following the observations made by the Commission in this behalf. As stated already, Rajasthan has also modified the exemption previously allowed to persons owning not more than 60 acres of irrigated land or 180 acres of dry land. The Ajmer area, where no agricultural income tax has been hitherto levied, will now come within the purview of the new Rajasthan Act.

14—12. The fact that agricultural and non-agricultural incomes are treated as two distinct compartments, State and Union, for purpose of taxation, gives rise to many anomalies. So the Commission has suggested an eventual integration of taxation of the two types of income. As a first step towards the reduction of anomalies arising from the separate treatment of agricultural and non-agricultural incomes, the States have been advised to adopt a system of surcharges on agricultural income tax on the basis of the assessee's non-agricultural income, if any.

14—13. In this connection reference may be made to certain special forms of agricultural income tax that certain States have adopted. In Madras, only incomes from plantations are subject to income tax. Recent legislation in Mysore imposes a tax on incomes from plantation crops as well as certain specified commercial crops.

So far as Rajasthan is concerned, these variations of the normal pattern of Agricultural Income Tax are of little practical interest, because, there are no plantations of coffee, tea, rubber etc. which are profitably run on commercial lines.

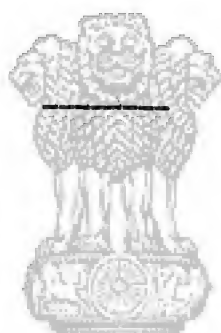
14—14. Agricultural incomes in the higher brackets are diminishing with the progressive resumption of Jagirs, as will be seen from the table given below, and the actual receipts have not come up to even Rs. 5 lakhs per year since the introduction of this tax:—

Number of assesseees to Agricultural Income Tax.

	1954-55	1955-56	1956-57
1. 6,000 to 10,000	209	289	183
2. 10,000 to 20,000	153	196	89
3. 20,000 to 30,000	81	64	25
4. 30,000 to 40,000	21	22	8
5. 40,000 to 50,000	29	14	12
6. 50,000 to 60,000	9	6	—
7. 60,000 to 70,000	9	—	1
8. 70,000 to 80,000	3	4	—
9. 80,000 to 90,000	4	1	—
10. 90,000 to 1,00,000	9	2	—
Total	527	598	318

14—15. Till now, the list of persons likely to earn assessable incomes was mainly prepared on the basis of information supplied by Collectors of Districts and the Jagir Commissioner. Recently a survey squad has been set up to examine revenue records and make other inquiries to find out new assesseees. With the lowering of the taxable limit from Rs. 6,000 to Rs. 4,000 it is expected that a number of new assesseees owning lands mostly in Bikaner Division will be brought on the list.

14—16. Nevertheless there seems to be little likelihood of a substantial increase of receipts from this source. For this and other reasons we have suggested elsewhere (para 12—9) that the agricultural income tax should be replaced by a graduated surcharge on land revenue.



सत्यमेव जयते

APPENDIX 'A'

Rate of Agricultural Income Tax from 1954-55 to 1956-57.

(1) On the first Rs. 2000/- of Total Income	.. Nil
(2) On the next Rs. 3000/- of Total Income	.. 6 pies in the Rupee.
(3) On the next Rs. 5000/- of Total Income	.. -/1/- in the Rupee.
(4) On the next Rs. 5000/- of Total Income	.. -/1/9 in the Rupee.
(5) On the balance of Total Income	.. -/2/4 in the Rupee.

Super Tax

(1) On the first	Rs. 30,000 of Total Income	.. Nil.
(2) On the next	Rs. 10,000 ,,	.. -/1/- in the Rupee
(3) ,,	Rs. 10,000 ,,	.. -/1/6 ,,
(4) ,,	Rs. 10,000 ,,	.. -/2/- ,,
(5) ,,	Rs. 10,000 ,,	.. -/2/6 ,,
(6) ,,	Rs. 10,000 ,,	.. -/3/- ,,
(7) ,,	Rs. 15,000 ,,	.. -/3/6 ,,
(8) ,,	Rs. 15,000 ,,	.. -/4/- ,,
(9) ,,	Rs. 15,000 ,,	.. -/4/6 ,,
(10) ,,	Rs. 30,000 ,,	.. -/5/- ,,
(11) On the balance of Total Income		.. -/5/3 ,,

सत्यमेव जयते

APPENDIX 'B'

PART I

Rates of Agricultural Income Tax (Rajasthan) 1957-58

(A) In the case of every individual, Hindu Undivided Family, Muslim Wakf, firm and other Association of individuals, not being a case to which paragraph (B) of this part applies, the basis rates of agricultural income tax will be as follows:—

(1) On the first Rs. 1,500/- of total agricultural income	Nil.
(2) On the next Rs. 3,500/- of total agricultural income	4 Naya Paisa in the Rupee
(3) On the next Rs. 10,000/- of total agricultural income	9 Naya Paisa in the Rupee
(4) On the next Rs. 10,000/- of total agricultural income	19 Naya Paisa in the Rupee
(5) On the balance of total agricultural income	25 Naya Paisa in the Rupee.

These rates are subject to the condition that the agricultural income tax payable shall in no case exceed half the amount by which the total agricultural income exceeds Rs. 3,000/-

(B) In the case of a company the agricultural Income Tax shall be payable on the whole of the agricultural income at the maximum rate of twenty-five naya paisa in the rupee.

APPENDIX 'B'

PART II

Rate of Super Tax, 1957-58

(A) In the case of every individual, Hindu Undivided Family, Muslim Wakf, firm and other Association of individuals, not being a case to which paragraph (B) or paragraph (C) of this part applies, the basic rates of agricultural super tax shall be as follows:—

(1)	On the first	Rs. 25,000/-	of total income	..	Nil.
(2)	On the next	Rs. 10,000/-	„		6 nP. in the rupee.
(3)	„	Rs. 10,000/-	„	..	9 „
(4)	„	Rs. 10,000/-	„	..	12 „
(5)	„	Rs. 10,000/-	„	..	16 „
(6)	„	Rs. 10,000/-	„	..	19 „
(7)	„	Rs. 15,000/-	„	..	22 „
(8)	„	Rs. 15,000/-	„	..	25 „
(9)	„	Rs. 15,000/-	„	..	28 „
(10)	„	Rs. 30,000/-	„	..	32 „
(11)	On the balance of the total income			..	35 „

(B) In the case of an association of persons being a co-operative society for the time being registered or deemed to be registered under the Rajasthan Co-operative Societies Act, 1953 (Rajasthan Act IV of 1953):—

1. On the first Rs. 25,000/- of total income Nil.
2. On the balance of the total income 6 nP. in the rupee.

(C) In the case of every Company:—

- On the whole of total income 6 nP. in the rupee.

CHAPTER 15

IRRIGATION.

Capital Expenditure

15—1. The total expenditure incurred by the State Irrigation Department during the Plan period amounted to about Rs. 11.75 crores. Of this Rs. 3.40 crores was spent on the Bhakra Canal system within the State and the rest on a number of medium and minor irrigation works. Nearly 300 such works have been completed, providing new irrigation for an estimated area of nearly 2.77 lakh acres of land. The cost per acre of land newly irrigated comes to about Rs. 175/- on the average.

15—2. It is understood that with regard to Plan works and Scarcity Area works completed so far the actual cost does not materially exceed the original estimated cost, as will be seen from the illustrative figures given below:—

S. No.	Name of work	Cost Rs. in lakhs.	
		Estimated.	Actual.
1.	Jawai	300.00	241.17
2.	Meja	58.00	55.71
3.	Mula	4.23	3.86
4.	Bankli	9.80	9.19
5.	Juggar	19.50	11.61
6.	Hemawas	5.45	4.68
7.	Morel	41.00	40.90
8.	Nindar	4.61	4.41

15—3. The balance required for completing the major and minor works in progress, according to original estimates was:—

	Rs. in lakhs.
(1) Plan works	79.40
(2) Scarcity Area programme	170.25
(3) Minor Irrigation	68.38

It is understood that while the figure (Rs. 79.40 lakhs) shown against Plan works is more or less correct, some excess is anticipated on works under the Scarcity Area programme, particularly on the Kalisindh, Parwan, Bhimsagar and Arwar works, where detailed investigations of commanded area have revealed that the provisions already made are inadequate and certain excess has occurred on account of rain damages.

15—4. The Irrigation potentials are not being realised according to anticipation. The reasons assigned for this are:—

(a) General resentment against increased water rates for new works without change in rates applicable to works in existence prior to 1952, which remain very substantially low.

(b) Delay in construction schedule. Some works did not progress as originally anticipated due to disputes with contractors, difficulties of construction and insufficiency of trained subordinates to carry out surveys etc.

(c) Weather conditions being favourable to cultivators who did not take water from the bunds and canals. During last two years the rains continued till late October and were followed by winter freshets which enabled crops being matured without stored supplies.

(d) Damages caused to some of the works during rains. The Gudha, the Arwar, the Girinanda and the Sarwarnia works got damaged during 1956-57, 1957-58 rains and caused delay in realisation of targeted benefits for these years.

(e) Non-provision of crossing across railway trucks on some of the main canals. This has resulted in short fall in irrigation on the Meja, Juggar and Gambhiri Projects in Bhilwara, Sawai Madhopur and Chittor Districts.

15—5. The areas irrigated by the Bhakra Project which was 1,47,000 acres in 1955-56 showed a decrease of 42,000 acres in 1956-57. Under the Gang Canal, the gross receipts have declined from Rs. 44.50 lakhs in 1954-55 to about Rs. 33.50 lakhs in the succeeding two years. The average realisation from Bhakra and Gang Canal come to about Rs. 5/- per acre and from Jawai to Rs. 7/- per acre of irrigated land, as against a uniform estimate of Rs. 10/- per acre adopted in Plan reports. As for Plan and Scarcity Area works, while 2,77,000 acres of land is said to have been brought newly under irrigation there has been hardly any increase in receipts from water rates. These facts suggest that while irrigation has not developed to the

extent expected, the booking and collection of water rates on lands supplied with water from the new works has also been defective. Government have recently appointed a Special Officer of the status of senior Collector in the Irrigation Department to examine the present system of booking and assessment of irrigation dues by the Irrigation and Revenue Departments and to make arrangements for their proper accounting.

Considering the magnitude of the outlay incurred and to be incurred on irrigation projects, including wells, a proper evaluation of progress and commitments in the irrigation sector is necessary. Only hazy information is now available regarding the financial results of these undertakings and the extent of their contribution to food production in the State. The work of the Special Officer mentioned above will provide some of the material required for the proposed evaluation.

Water Charges.

15—6. In the territories of former Udaipur State and probably elsewhere also, the charge for water is merged in the land revenue assessment. It is said, however, that the total area of land thus assessed to a combined rate is not very extensive.

15—7. For the most part irrigation charges are levied in this State in the form of occupiers' rates. These rates are graduated according to the value of the crop, and the quantity of water required for it. They are collected on the area actually irrigated in each year or season, at a flat rate without making any meticulous distinction as regards the degree of benefit received by individual holdings.

There were different schedules of occupiers' rates in the territories of former State of Jaipur, Jodhpur, Bundi, Karauli, Udaipur (2 Schedules) Kota, Alwar, Bharatpur and Dholpur. These Schedules are still operative in respect of old sources and projects in these States.

15—8. As regards projects completed since 1952, and Gang Canal area, new schedules of rates have been prescribed under Rajasthan Irrigation and Drainage Act, 1954 separately for—

1. Gang Canal area.
2. Bhakra and Gaggar Canal areas.
3. All other irrigation projects completed after 1st January, 1952.

15—9. The rates provided in the Schedules of former States for old projects differ considerably from one another and, as compared with the new scheduled rates, are generally on the low side.

On the other hand, the Schedules of rates issued in 1956 for all new project areas (other than Bhakra, Gaggar and Gang Canal) are pitched somewhat too high, considering the fact that these rates apply also to scarcity area projects.

The rationalisation of the various Schedules of rates is necessary both for the purpose of removing needless disparities and for securing some legitimate increase of revenue from irrigation works on which the State is spending large sums every year.

All irrigation projects fall broadly under three categories, viz. those from which supply of water is:—

- (a) perennial;
- (b) non-perennial but more or less assured for a season, or
- (c) precarious.

Three schedules of water rates corresponding to these categories of projects would perhaps suffice for all practical purposes.

15—10. It has been suggested that even two standard Schedules of perennial and non-perennial rates might be sufficient, as the rates are recovered only on the basis of matured crops and the character of the source of supply is not very material. If it is considered that the low tariffs on old projects should not be raised suddenly, they could be stepped up year after year and brought to the level of the appropriate new Schedule within three or four years.

In the case of new projects also, some concession in rates may have to be allowed during an initial period when the landowner has to incur additional expenses to make the lands fit for irrigated farming.

Barring such adjustments, there is no reason why the present multiplicity of schedules of water rates should be continued. These schedules should be reviewed, and if necessary revised periodically, say once in 3 years keeping in view the trend of prices of the relevant crops.

15—11. In this connection, the question arises as to what should be done with regard to lands which are irrigated from old sources and classed as Nehri and on which no separate water rates

are levied. Nehri rates are comparatively low. To continue these rates on the existing wet lands while charging appreciably higher rates on newly irrigated areas might appear unjust. On the other hand, to raise them before the expiry of the settlement period would be a breach of guarantee. These are conflicting considerations. On balance, however, the best course would appear to be to leave the consolidated wet rates undisturbed until resettlement. It is believed that the loss of revenue caused by such a decision would not be very great.

15—12. In the case of Nehri lands within the command of new projects the water rate component of the existing assessment should be deducted and the schedule water rates imposed by stages, if necessary. In the case of Chahi lands within the command of a new project in which supply of water is perennial, the water rate should be charged according to the schedule but the chahi rate should be reduced to the level of highest barani rate in the area.

15—13. Apart from the policy to be adopted for the rationalisation of water rates there is the question of assessing these rates and collecting them according to the schedule now in force. Executive action in such matters is apt to lag far behind policy decisions.

In the course of his reply to our questionnaire the Chief Engineer for Irrigation has stated that the responsibilities of the Departments of Irrigation and Revenue have been duly outlined by Government in their No. F. 2 (400) Irg/51, dated October, 1953 so far as they concern the two Departments. "It is, however, not known to the Irrigation Branch whether the Revenue Department has been booking irrigation dues in respect of the works which have uptil now been in their charge or will continue to remain under their control hereafter, promptly and correctly. No periodical details in this respect are being received by the Irrigation Department so far."

The Government order quoted above only sanctions some additional staff for assessing and booking demands. Explicit instructions should be issued to remove the lack of understanding that still prevails between the Irrigation and Revenue Departments as to their respective responsibilities.

Owner's Rates.

15—14. The Rajasthan Irrigation and Drainage Act, 1954 provides (Section 37) that "in addition to the occupiers' rate, a rate to be called the owners' rate may be imposed according to rules to be made by the State Government on the owner of irrigated lands in respect of the benefit which they derive from such irrigation".

The "owner's rate" as pointed by the Taxation Enquiry Commission is based on the same principle as the betterment levy viz. that the State is entitled to appropriate a part of the value created by a public project. It, however, "differs from the betterment levy in that the incidence is very much lower and the charge is permanent". In project areas, subject to betterment levy, the imposition of an owner's rate would be redundant. The occupier under existing land legislation would also be the owner in most cases. The owner's rate may be levied, if at all, only in respect of projects which irrigate less than 1000 acres, as these have been excluded from the betterment levy scheme. But even in these cases, the occupier's rates being themselves fairly high, the need for imposing owner's rates in addition may not often arise.

Betterment Charges.

15—15. Betterment charges are based on the principle of the State sharing with the landowner the unearned increment of land values following the construction of an irrigation project.

The Rajasthan Lands Special Irrigation Charges Act, 1953 authorises the levy of betterment charges in respect of lands included in an irrigation scheme. The mode of levy and the procedure to be followed are laid down in the rules framed under the Act in 1954. The rules provide for the constitution of a Board to work out the rates at which the betterment charges should be levied after taking into consideration the increase in the value of lands after the commencement of the irrigation scheme. Before finalising the schedule of rates it is published in the official Gazette and in such manner as may be prescribed so as to give an opportunity to the land holders and occupancy tenants who may be affected by the charges to petition the Government stating their objections. After considering the objections and making further enquiries, if necessary, the Government determine the final schedule of betterment charges.

It is provided that the (1) betterment charges shall not exceed one-half of the increase in value of the lands included in a scheme; or one-fourth in the case of lift irrigation, and (2) that the landowner may at his option pay the charges:—

- (a) in one lump sum payment;
- (b) by half yearly instalments spread over a number of years, as decided by Government; and
- (c) offering a part of his land in lieu of full or part payment of betterment charges due from him.

The system of betterment levy in Rajasthan is thus on the same broad model as in most other States as regards the criteria for its incidence and mode of recovery.

15—16 The Rajasthan Government have notified that betterment charges shall be levied on all irrigation works having culturable commanded area of over 1000 acres and that the realisation of these charges will commence one year after water is released for irrigation purposes (Notification No. F. 3 (12) PW/53, dated 10th December, 1954). According to this Notification betterment charges have to be levied in respect of some 70 projects. For 50 of these projects which have reached the completion phase, Boards have been constituted to enquire into the value of the lands before and after the commencement of a scheme. But none of them have yet submitted their reports though it is understood that in respect of a few works in Jaipur and Bharatpur area, draft reports are ready. The importance of expediting this work needs no emphasis.

15—17. The Planning Commission have stated that "large schemes cannot be financed unless adequate levies are made towards the capital cost. It is estimated that under a suitable system between one-third and one-fourth of the capital cost of a project can be recouped by betterment levies". In Rajasthan it was estimated that a sum of Rs. 7.1 crores would be realised on account of betterment charges during the Second Plan period—Rs. 5.8 crores from Bhakra area (to be appropriated for repayment of Central loans) and Rs. 1.3 crores from other projects. In the current year's budget, credit is taken for Rs. 68 lakhs from sale of lands and betterment charges. Unless things move much faster than they do at present, there seems to be little likelihood of these anticipations being realised.

15—18. In this connection it may be pointed out that the procedure for working out betterment charges as laid down in Rule 5 of the Rajasthan Lands Special Charges Rules, 1954 is somewhat confusing. It refers to "the cost of land" in one place and to "the value of land" in others, though apparently the same thing is meant. Similarly "the share of the landholder" is mentioned in clause 3, while elsewhere the expression used is "the share of the landholder or occupancy tenant", although the context does not suggest that this distinction has any special significance. It is desirable to recast the rule and put it in simpler and unambiguous language, with an illustration or two to show the method of working out betterment charges.

Irrigable Waste Lands.

15—19. In the case of Bhakra Project it has been estimated that Government land available for allotment is nearly 2 lakhs of

acres. The total realisable sale price has been estimated at Rs. 8 crores spread over a period of years. Under less important projects also the aggregate area of lands available for allotment must be appreciable. Correct lists of such lands and their estimated value have to be obtained and systematic steps taken for bringing them rapidly under cultivation and ensuring the realisation of the revenue which the State expects from this source.

Maintenance of Irrigation Works.

15—20. The charges for maintenance of irrigation works are tending to increase. During the last three years the working expenses of Gang Canal have ranged between 24 and 36 per cent of the gross receipts; of Bhakara Canals, between 62 and 88%; of Jawai Project, 30 to 67%. In the case of Morel Project and other projects, generally it is understood that working expenses will come to about Rs. 2/- per acre. The high and varying proportion of working expenses of Bhakra and Ghaggar Canals is attributed to the fact that irrigation under these canals is as yet non-perennial. Besides, some of the heavy maintenance charges on Central works of this project are kept in suspense and adjusted at intervals.

15—21. It is needless to point out that it is necessary to keep working expenses down to the minimum. At present the work of assessing water rates is entrusted to Engineer Officers with large subordinate establishments. This might be necessary for major projects irrigating thousands of acres. But for medium and minor projects, the Revenue Department would probably be a less costly agency for assessing as well as for collecting water rates and its employment for this purpose (which is the usual practice in South India) cannot involve any greater risk of leakage of revenue.

15—22. It is also worthwhile examining whether in some projects, at any rate, the system of "agreement rates", as they are termed by the Taxation Enquiry Commission, could not be adopted. Under this system long term leases are given to cultivators to draw water for whatever crops are grown and whether any crops are grown or not. During the period of agreement the payment of rates is compulsory and naturally, the charges under long leases are pitched, lower than under the voluntary occupier's rate system. The net realisations under this system might be smaller in certain years but they would be steady over a period. The time of Engineer Officers would not be taken up needlessly with fiscal work and the ryots would be spared harassment from subordinate officials.

Minor Irrigation Works.

15—23. Under the Minor Irrigation Works Act, 1953, the State Government may compensate or recoup itself for any expenditure which it incurs in carrying out any approved scheme of construction by the recovery of the amount or part of the amount from the owners of the benefited area, if there is a prior agreement to that effect. This provision relates to works of construction or maintenance the value of which does not exceed Rs. 15,000. It is understood that no schemes have been undertaken under the terms of this Act. If the Government have waived the levy of betterment charges in the case of even large works irrigating areas up to 1000 acres, it seems scarcely likely that there would be any occasion to apply this Act in practice.

15—24. The Planning Commission have observed:—

“Minor irrigation schemes require comparatively small outlay, yield quick results and can be executed speedily with local resources. But they give limited protection and need careful maintenance. The Grow More Food Enquiry observed in 1952 that many minor irrigation works constantly fall into derelict condition. In view of the large sums being spent on these works, there is need for special measures to ensure their satisfactory maintenance. It is necessary that the responsibility for keeping minor works in good condition should be borne by the beneficiaries. For works which benefit a considerable section of the village population efficient maintenance should be the joint responsibility of the local community. We recommend that State Governments should take power to levy a special maintenance cess from the proceeds of which Village Panchayats separately and jointly can undertake the necessary repairs and renovation”.

The Rajasthan Government has gone a step further by transferring to Panchayats not only the management but also the irrigation receipts of a large category of minor works. The Government resolution (No. F. 1 (22)/Irg./56, dated 4-2-56) reads as follows:—

1. All tanks which irrigate 50 (fifty) acres or less should be handed over to Village Panchayats. If water rate has been included in the Revenue assessment, collection should be made by the Revenue Agency. The Panchayat concerned will, however, be given Re. 1/- per acre on the area irrigated from the tank and the area which is under cultivation in the tank bed, as maintenance charges, out of the collection made by the Revenue Agency.

2. If water rate has not been included in the revenue assessment, the income from water rate will also be transferred to the Panchayat but payment of Re. 1/- per acre will not be made to the Panchayat in this case. The collection will be made by the Panchayat and it will be solely responsible to maintain the tank.

3. A list of all such tanks villagewise and Tehsilwise, which irrigate less than 50 acres will be prepared by the Sub-Divisional Officer after taking into consideration average irrigation of last five years and such tanks will be handed over to the Village Panchayats. The list will be prepared by him latest by the end of March, 1956.

4. Tanks which irrigate more than 50 acres will be maintained by the Irrigation Department.

The Chief Engineer says that unfortunately there have been difficulties in transferring charge of some of these tanks which were so far controlled by the Irrigation Department and irrigating less than 50 acres. In these orders no definite instructions have been laid as to whether the figure of 50 acres relates to both bed and flow irrigation or flow irrigation alone. It would, therefore, be desirable if this is clarified and instructions are also conveyed regarding maintenance of certain drinking water wells which do not fall in areas controlled by Village Panchayats.

15—25. The Planning Commission in their Review of the First Five Year Plan have observed that "Statistics of minor irrigation works undertaken and of areas benefited are far from satisfactory. At present there is no record of areas benefiting from small works which go out of irrigation year after year, nor is there a close enough correspondence between returns of areas irrigated and of additional irrigation-facilities established in successive years. *Clearly the entire subject needs closer investigation*". This could be undertaken as part of the evaluation of progress and commitments suggested in paragraph 15—5.

NOTE APPENDED TO CHAPTER 15

IRRIGATION

Land under Irrigation 1950-51.

15-A—1. In Rajasthan, out of a total geographical area of 83,160 thousand acres, the net area shown in 1950-51 was only 23622 thousand acres. Out of this only about 29 lakh acres of land was irrigated, of which 11 lakh acres was by canals, tanks and other sources of surface supply and the balance by wells. The number of irrigation wells is estimated at over 4 lakhs. There were about 3700 tanks of various sizes but very few of them were large capacity reservoirs supplying water throughout the year. The few reservoirs were situated amidst the hilly surroundings of Udaipur and Kota regions where the rainfall is heavy and catchments good and steep. Most of the tanks depended on the monsoon. About 6 lakh acres were irrigated by them in years of normal rainfall. The only major canal was the Gang Canal which was brought to the desert area in the year 1928 at a cost of Rs. 3.21 crores.

The First Plan.

15-A—2. The First Five Year Plan laid stress on the country's self-sufficiency in food. For the various schemes of irrigation a sum of Rs. 639.30 lakhs was allotted under the State Plan i.e. Rs. 471.20 lakhs for "State Plan Works" and Rs. 222.10 lakhs for "scarcity area works". Besides this a sum of Rs. 175 lakh was allotted for "Minor Works".

15-A—3. Rajasthan was also a partner in the construction of two Major Multi-purpose River Valley Projects of Bhakra-Nangal and Chambal for which a sum of Rs. 2005.87 lakhs was earmarked.

15-A—4. The various works to be taken during the First Five Year Plan and their financial allotments were as under:—

S.No.	Name of work	No. of works	Financial allotment (Rs. in lakhs)	Physical targets (Irrigated acreage in thousands) (On completion).
1	2	3	4	5
1.	Multi-purpose Projects		2085.87	
	(a) Bhakra	1	1621.00	5,70
	(b) Chambal	1	464.87	7,00

1	2	3	4	5
2.	Plan Works	119	471.20	3.05
3.	Scarcity Area Works	22	222.10	2.70
4.	Minor works	236	175.00	1.94
TOTAL ..		379	2954.17	20.39

Multi-purpose Projects.

15-A—5. The two Multi-purpose River Valley Schemes provided for Rajasthan are the Bhakra-Nangal and the Chambal Projects. Under the Bhakra-Nangal Project, a Dam, the world's highest, is in process of construction at Bhakra, about 8 miles upstream of Nangal. It is expected to impound 74 lakhs acre ft. of water and will spread over an area of 38,000 acres. The entire work on Nangal Dam has been completed, wherefrom Nangal Hydel Channels 40 miles in length take off. Two Power Houses have been installed. Rajasthan's share in water issued for irrigation will be about 18%. That is to say, about 5,70,000 acres will come under irrigation. For this purpose a discharge of about 26000 cusecs is to be given at points on the border of this State, wherefrom 70 miles of branches and 86 miles of distribution and minor channels have been constructed. The main areas to be benefited by the project are the tehsils of Bhadra, Nohar, Suratgarh, Hanumangarh, Raisinghnagar, Padampur and Ganganagar. So far more than 1 lakh of acres of land has been brought under irrigation.

15-A—6. Rs. 1939.14 lakhs has been spent on common works under the joint control authority and Rs. 404 lakhs on distribution works executed through the State agency within its borders.

15-A—7. So far as the Second project i.e. the Chambal Project is concerned, it contemplates construction of a series of storage dams and a barrage to intercept the normal flow of the river. The first of these dams, "Gandhi Sagar" is being constructed in Madhya Bharat (now Madhya Pradesh) and will be of stone masonry 200 ft. high. The second dam, 'Rana Pratap Sagar' will be constructed at Rawat Bhata in Rajasthan about 32 miles upstream of Kota and will be 122.5 ft. high. Hydel Power plants will be installed at both the sites. The released water from the above two dams will be

distributed for irrigation in the two States, by a barrage under construction at Kota with canals on both the sides of the river. This project is expected to irrigate 7 lakh acres in Rajasthan and an equal extent in Madhya Bharat by 1958-59. Only a sum of Rs. 181.83 lakhs was spent on this project, according to available information.

15-A—8. *Plan Works.*—In all 119 Plan Works were taken up during the First Five Year Plan and a sum of Rs. 397.25 lakhs or 84.34% of the total allotment was spent on them.

The important projects undertaken under the head are Jawai, near Erinpura Road railway station at a cost of Rs. 300 lakhs; Parbati, in Dholpur Sub-Division of Bharatpur District at a cost of Rs. 87.10 lakhs; Gudha, across Mej River in Bundi District at a cost of Rs. 42.35 lakhs; Kalisil, on the river of the same name at a cost of Rs. 16.0 lakhs; Morel Tank, in Jaipur Division at a cost of Rs. 41.0 lakhs; Jagggar, near Hindaun, costing Rs. 19.50 lakhs; Meja, on river Kothari near Mandal (District Bhilwara) at a cost of Rs. 59.00 lakhs, and Bankli on Sukli river which is expected to cost Rs. 9.26 lakhs.

15-A—9. *Scarcity Area works.*—Against a total grant of Rs. 222.1 lakhs for construction of 22 medium and minor works in the scarcity area a sum of Rs. 149.28 lakhs could be utilised as the schemes were sanctioned only in 1953 by the Centre.

15-A—10. *Minor Irrigation.*—A sum of Rs. 175.00 lakhs for construction of 236 Minor Irrigation works was allotted in 1953 by the Central Ministry of Food and Agriculture. Out of the allotment, 190 works were completed at a total cost of Rs. 106.62 lakhs. Some of the important works like the Gambhiri Project across Gambhiri river about 20 miles south of Chittorgarh City at cost of Rs. 44.23 lakhs; the Sareri Project, a few miles from Sareri Railway Station at a cost of Rs. 33.43 lakhs; the Arwar Scheme on Mansi river at a cost of Rs. 34.83 lakhs; the Namuna project across Banas River near Nathdwara town at an estimated cost of Rs. 30.82 lakhs; the Khari Project in Bhilwara District at a cost of Rs. 30.41 lakhs; the Ora Project near Sirohi town at the estimated cost of Rs. 14.96 lakhs; the Mashri Project near Banasthali at a cost of Rs. 22.30 lakhs; the Galwa Project in Tonk District at an estimated cost of Rs. 20.82 lakhs; the Parwan Flow Irrigation Scheme near Shergarh in Kotah District and Kali Sindh Flow Irrigation Project at an estimated cost of Rs. 13.92 lakhs are to be completed under this scheme.

So far as the irrigation by wells is concerned it is estimated that during the Plan period nearly 25,000 new wells have been constructed and a large number renovated through the various agencies in the State.

15-A—11. Out of the total outlay of Rs. 3113.63 lakhs including expenditure on common works Rs. 2278.65 lakhs were spent on Bhakra Project, Rs. 181.83 lakhs on Chambal Project, Rs. 397.25 lakhs on Plan works; Rs. 149.28 lakhs on scarcity area works and Rs. 106.62 lakhs on minor irrigation works. With these works completed it is expected that over Rs. 20.29 lakh acres would be brought under irrigation.

Second Plan.

15-A—12. A sum of Rs. 2545.28 lakhs or 24.2% of the total plan allocation (Rs. 2450.00 lakhs for Rajasthan and Rs. 95.28 lakhs for Ajmer) has been earmarked for the development of irrigational facilities in this State. It is proposed to complete the works which were undertaken during the First Five Year Plan but could not be completed, to launch new schemes including the Rajasthan canal and Bharatpur feeder from Agra canal, to improve and rehabilitate old existing works for increased irrigation usage, to codify various irrigation practices and to rationalise water charges in the State. It is thus planned to irrigate about 15.32 lakh additional acres in the reorganised State by the end of Second Plan.

Receipts from Irrigation.

15-A—13. Receipts from irrigation may be considered under three hands (1) Water rates, (2) Betterment levy and (3) Sale proceeds of Grown lands in Project Areas, (2) and (3) are in the nature of capital receipts.

15-A—14.—*Water rates.*—The system of water charges generally obtaining in Rajasthan can be described as the "Occupier's rate system". This is a system in which the charges are related to the nature of crop or class of crop and are fixed for the area actually irrigated. The rates for different crops are based mainly on these considerations (1) crop, (2) the scarcity or abundance of supply at the time, and (3) value of the crop. The latest orders of Government lay down schedule of occupier's charges in respect of the major, medium and minor schemes excluding the Chambal and Bhakra Projects. The rates for Chambal Project have not yet been decided while for the Bhakra irrigation they conform to rates applicable to non-perennial irrigation under the Gang Canal System. The rates are uniform for all the Projects without distinction in relation to regional topography. A comparative study of the three schedules of rates (A, B and C) will reveal that the rates for Bhakra Project area (fixed in 1955) are somewhat higher than the rates for Gang Canal (fixed in 1954). For new project areas the rates prescribed

in 1956 are still higher as indicated by the following statement:—

		Gang Canal, 1954 (A)	Bhakra, 1955 (B)	Other Projects, 1956. (C)
Sugarcane	..	16.4	16.9	22.0
Rice	..	8.8	9.0	Not specified General rate.
Grain	..	4.0	4.0	7.0
Vegetables	..	6.12	8.4	12.0

15A—15. The total amount of water rates collected in respect of Bhakra, Jawai and Gang Canal are as follows:—

		1954-55 (Rupees in lakhs)	1955-56	1956-57
Bhakra	..	0.84	3.66	5.29
Jawai	..	0.52	1.38	2.20
Gang Canal	..	44.51	33.50	32.56

15A—16. Water rates levied for lands irrigated by old works in the former States indicate even wider range of variations. Therefore, it is necessary to bring these rates as far as possible, to the new schedule levels.

15A—17. In some parts of the former Udaipur State and elsewhere water charges are not separately levied but are merged in the land revenue assessment and the combined rates are covered by Settlement guarantee. Full information regarding the areas in which combined rate system is prevalent is not forthcoming.

15A—18. *Betterment levy.*—Betterment levy is a tax on the unearned increment of land values following the construction of an irrigation project. The betterment charges on irrigated lands in Rajasthan will be levied in accordance with the Rajasthan Lands Special Irrigation Charges Act, 1953 and the rules framed thereunder. Such rules were framed in the year 1954 and are called the "Rajasthan Lands Special Irrigation Charges Rules".

15A—19. For assessment of betterment levy, the rules provide for the constitution of a Board which will work out for each class of land in an assessment circle, an estimate of net assets in cash on a date prior to the commencement of the scheme as well as the value of the net assets of the lands on a subsequent date when lands are changed to Nehru as a result of the irrigation scheme. The share of the landholder in the net assets is taken at one-third of the total net assets for purposes of evaluating the cost of land. The difference

in value of each class of land prior to and subsequent to the introduction of the scheme is to be considered as enhancement of the value of such land accruing to the holder or occupant from introduction of improvement in irrigation facilities. The value of the land to a landholder or occupant is to be taken as 30 times the value of his share of the net assets. The Board shall determine the rates of betterment levy for each area or circle but the rate of betterment levy shall not exceed half of the enhancement in the value of land. The owner of land who has to pay the betterment levy has been given the option to pay (a) in one lump sum payment, (b) by half yearly instalment spread over a number of years as decided by the Government, and (c) offering a part of land in lieu of full or part payment of betterment charges due to him.

15A—20. According to rules, the rates of betterment charges for each class of land determined by the Board will be published. The board shall consider the objections received relating to schedule of betterment charges and will submit its report to the Chief Engineer within sixty days of the last date fixed for presenting such objections proposing such amendments in the schedule as may be considered necessary. After considering the recommendations of the Board the Chief Engineer will prepare the final schedule of betterment charges and submit the same for sanction of the Government. Then the sanctioned rates of levy will be published. Recoveries of betterment charges shall commence at least one year after providing the facilities for irrigation and such dates shall be published by the Notice in the villages concerned. संशोधन

A forecast of Rs. 7.1 crores have been made by the Finance Department for the Second Five Year Plan on account of betterment levy.

Waste Lands.—There are different rules for allotment of lands to different classes of allottees, e.g.—

(a) Rules and procedure for allotment of un-occupied agricultural lands.

(b) Rules for squaring of fields.

(c) Rules for allotment of land to Ex-military personnel in Bhakra Project Area.

(d) Rules for allotment of land to Gadoliya Lohars.

(e) The Rajasthan Colonisation (General Colony) Conditions, 1955.

It was brought to the notice of the committee that in some cases waste lands are being granted free even in project areas. But none of the rules provides for such free grants.

Credit was taken of Rs. 48.77 lakhs of revenue from the sale of occupancy rights.

Probable realisations.

15A—21. The probable realisations from betterment charges and sale of waste lands have been estimated by the Irrigation Department for the Bhakra Project as follows:—

(a) Betterment charges—

Total amount realisable over a period of 17 years. Rs. 16.87 Crores.

(b) Sale price of land—

Total amount realisable over a similar period. Rs. 8.01 Crores.

The details are given in the statement attached to this note.

For projects other than the Bhakra project no estimates are available. It has, however, been assumed that a total amount Rs. 1.3 crores would be realised under the head betterment charges during the Second Plan period.

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Statement showing the Estimated Revenue from Sale of Government Land and Betterment Levy.

There are 350 villages in the Bhakra Project. The total commanded area is noted below in acres in round figures:—

1. Tenure Land	6,26,800
2. Evacuee Land.	81,700
3. Government land (in possession of temporary cultivators as well as unoccupied).	3,08,800
	<u>10,17,300</u>

Out of this the betterment fee will not be charged for the following area approximately:—

(1) Area under roads and water courses.	40,000
(2) Proposed to be taken for new Abadi in rural areas.	12,700
(3) Reserved for Johar (Tanks catchment area) paitans, Pastures etc.	27,900
(4) Central Mechanised Farm.	26,900
(5) Reserved for Forests.	9,600
Total	<u>1,17,100</u>

Therefore net area to be assessed for levying betterment charges.	<u>9,00,200</u>
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Out of the above 9,00,200 acres, 7,02,800 acres are in possession of tenure and pre-Sambat 1985 tenants, and the rest 1,97,400 acres are either in possession of temporary cultivator or are unoccupied waste lands. The later category is Government land. Estimated betterment fee on 7,02,800 acres at the rate of Rs. 240/- per acre comes to Rs. 16,86,72,000/-.

Note.—(Previously this figure was given as 18,13,43,707/-. The reduction is because of the area proposed to be taken as water Courses Roads, Abadis, Tank beds etc. enumerated above).

Phasing of betterment levy on tenure lands.

The phasing of the above income is estimated to be as follows:—

1958-59	14,00,000
1959-60	41,00,000
1960-61	56,22,400
1961-62	1,12,44,800
1962-63	1,12,44,800
1963-64	1,12,44,800
1964-65	1,12,44,800
1965-66	1,12,44,800
1966-67	1,12,44,800
1967-68	1,12,44,800
1968-69	1,12,44,800
1969-70	1,12,44,800
1970-71	1,12,44,800
1971-72	1,12,44,800
1972-73	1,12,44,800
1973-74	1,12,44,800
1974-75	98,44,800
1975-76	15,22,400
	<hr/>
	16,86,72,000

The Government land available for allotment as already stated above is 1,97,400 acres in round figures. The sale price of the above land including that of 29,600 acres un-commanded area, is estimated tentatively to be Rs. 8,01,79,160/-. The phasing of the above income is as follows:—

Phasing of sale of Government land and betterment fees therefor.

SALE PROCEEDS.

Year.	Betterment fee.	Net sale price.	Total.
1	2	3	4
57-58	8,00,000	6,22,000	14,22,000
58-59	24,00,000	12,00,000	36,00,000

1	2	3	4
1959-60	24,00,000	15,05,700	39,05,700
1960-61	32,00,000	7,05,700	39,05,700
1961-62	32,00,000	7,05,700	39,05,700
1962-63	32,00,000	13,43,460	45,43,460
1963-64	32,00,000	28,20,000	60,20,000
1964-65	32,00,000	29,75,000	61,75,000
1965-66	32,00,000	29,75,000	61,75,000
1966-67	32,00,000	29,75,000	61,75,000
1967-68	32,00,000	29,75,000	61,75,000
1968-69	32,00,000	29,75,000	61,75,000
1969-70	32,00,000	29,75,000	61,75,000
1970-71	32,00,000	29,75,000	61,75,000
1971-72	32,00,000	29,75,000	61,75,000
1972-73	30,00,000	26,600	30,26,600
1973-74	3,00,000	1,50,000	4,50,000
Total.	4,73,00,000	3,28,79,160	8,01,79,160

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CHAPTER 16

STATE EXCISE DUTIES

16—1. After the abolition of the inter-state transit duties with effect from 1-4-1955, the State Excise Duties have been the second biggest source of revenue of the State Government. These duties are what the Taxation Enquiry Committee, 1924-25, described as "restrictive excises", i.e. their primary object is to regulate and reduce consumption of intoxicating drinks and drugs, though in practice they have been resorted to as a large source of income. As observed by that Committee, "the mere fact that high rates of duty are used as means of reducing consumption of itself results in making these excises a very powerful engine for raising of revenue".

16—2. *Dutiable Articles.*—The chief articles which are subject to State Excise Duty or its equivalents are:—

1. Country liquors.
2. Indian made Foreign liquors.
3. Foreign liquors.
4. Denatured spirits, and medicated wines etc.
5. Intoxicating drugs, viz. Bhang, Ganja and Opium.

Country Liquors.—Country liquors are produced in local stilleries from molasses, Mahuwa flowers and jaggery (Gur). Contracts are given by the Government for the supply and distribution of these liquors to warehouses after inviting tenders. There are distilleries in Rajasthan (including 1 in Ajmer). The total consumption of country liquor in the State is about 6 lakhs of L.P. Hons.

For retail sale licenses are given after auctioning vend rights and the licensees are allowed to sell liquor at the price fixed by the Government. They are given a fixed margin of profit ranging from Rs. twelve to rupees four per B.G. (Bulk gallon) according to the standard strength and price of liquors. The rates of duty levied in 1957-58 are:—

- | | |
|-------------------------|-------------------|
| 1. Jagmohan 10 O.P. | Rs. 28/- per B.G. |
| 2. Kesar Kasturi 5 U.P. | Rs. 23/- per B.G. |

3. Rose 20 U.P.	Rs. 20/8 per B.G.
4. Orange 25 U.P.	Rs. 18/4 per B.G.
5. Plain 35 U.P.	Rs. 13/8 per B.G.
6. Plain 60 U.P.	Rs. 5/- per B.G.

Country Fermented Liquors.—Toddy (Tari) or fermented juice of palm trees is an important source of excise revenue in South India. In Rajasthan, although there are said to be 20 lakh palm trees, they have not been used for extracting Tari.

Foreign Liquors.—Foreign liquors are of two kinds—(a) liquors imported from abroad and (b) Indian made foreign liquor. No duty is charged on imported foreign liquor.

On Indian made foreign liquors manufactured within the State or imported into the State, an excise duty or countervailing duty of Rs. 35/- per L.P. gallon was being charged till 16th January, 1956 when the duty was raised to Rs. 45/- per L.P. gallon.

In respect of the foreign liquors (imported as well as Indian made) revenue is also derived by the licensing of the premises for the sale of these liquors. The rates of license fees are as below:—

Wholesale	Rs. 1000/-
Retail off	Rs. 500/-
Retail in	Rs. 100/-

Denatured Spirits and Medicated Wines.—Since 24th March 1956, excise duty is levied on denatured spirit as noted below:—

Rs. 1/8/- per B.G. as excise duty when manufactured in any distillery in Rajasthan.

Rs. 1/8/- per B.G. as countervailing duty when imported in Rajasthan from a place in India.

Excise duty at Rs. 5/- per L.P. gallon is charged on all spirituous medicines imported from outside or manufactured locally and consumed in Rajasthan and at Rs. 17/8/- per L.P. gallon on spirituous medicinal preparations capable of being used as beverages or toilet preparation.

16—3. *Intoxicating Drugs.*—This term includes “Ganja, Bhang and every preparation and mixture of the same and every intoxicant drink or substance prepared from any part of the hemp plant”. The supply of Ganja required for consumption in the State is drawn from

Sanawad in Madhya Pradesh through the Madhya Pradesh Government, while Bhang is purchased from Hoshiarpur and Gurdaspur in East Punjab. The selling prices charged on Bhang and Ganja are given below:—

1949-50.	1957-58
Bhang Rs. 200/- per Md.	Rs. 300/- per Md.
Ganja Rs. 180/- per seer.	Rs. 120/- per seer.

The duty on Ganja in 1957-58 is Rs. 95/- per seer as compared to Rs. 155/- per seer in 1949-50 and on Bhang Rs. 250/- per maund in 1957-58 against Rs. 150/- per maund in 1949-50. The privilege of retail vending of Ganja and Bhang is disposed of by auction and the licensees are allowed a margin of profit at the rate of annas eight per seer in case of Bhang and Rs. 15/- per seer in case of Ganja.

Opium.—Opium consumed in the State is purchased every year on Government account from the Government factory, Neemuch and is stored in the Central Warehouses at the Divisional Headquarters. The right to sell opium by retail is sold by public auction every year and the licensees are allowed a margin of profit of Rs. 30/- per seer over the issue price. The existing rate of retail price is Rs. 7/8/- per tola.

According to the policy of the Government of India in pursuance of the Geneva Convention the quantity of opium supplied to each State is being reduced by 10% every year and it is decided that after 1959, there will be no issue of opium for oral consumption except for medicinal and quasi-medicinal purposes. The State Government has introduced ration cards for opium addicts to reduce and control consumption.

16—4. *Trends of Revenue.*—The highest amount of excise revenue in the State was registered in 1951-52. In 1952-53 there was a steep fall, followed in subsequent years by a gradual recovery as will be seen from the following figures:—

	Rs. in Lakhs.
1951-52	298.85
1952-53	236.48
1953-54	250.56
1954-55	281.35
1955-56	268.40
1956-57	260.00

Appendix 1 gives the break-up of the total revenue under the different sub-heads.

The largest item of revenue is country liquor. Its consumption has varied from year to year according to the economic conditions prevailing in the State and amounts generally to about 6 lakh L.P. gallons. During the current year a further increase in consumption is noticeable and the receipts are likely to exceed the budget anticipations.

On the other hand, the revenue from opium, which is the next important excise item, is declining owing to restriction on supplies and will completely disappear within a couple of years. Thereafter excise revenue under other heads may be expected to stabilise at about Rs. 250/275 lakhs. Excise is the third important item of revenue from State taxation coming next to land revenue and sales tax.

16—5. *Policy and Problems.*—The Taxation Enquiry Commission was unable to formulate a definite policy as the members of the Commission were divided in opinion as to the practicability of introducing prohibition on a countrywide basis by a predetermined target date. A comprehensive enquiry on the subject has since been made at the instance of the Planning Commission. As a result of this enquiry the Planning Commission is said to have sent out to the State Governments a phased programme of the first steps to be taken towards prohibition.

16—6. The Commissioner for Excise and Taxation has given the following account of the action taken by the Government of Rajasthan to implement the directives of the Planning Commission:—

“(a) The drinking in Hotels, Bars, Restaurants, Clubs Cinemas, Social parties and functions have completely been stopped, throughout the State and only few Hotels have been permitted to serve foreign liquor to foreign visitors and tourists in special rooms provided for the purpose.

(b) The liquor shops throughout the State are closed on certain days during the year, which are as under:—

1. Pay day.
2. Rajasthan Day (30th March).
3. Mahatma Gandhi Birthday.
4. Republic Day.
5. Harijan Day.
6. Independence Day.
7. Budh Purnima.

(c) Gradual reduction in the number of liquor shops is in progress and few shops have already been closed.

(d) Steps are being taken to remove country liquor shops from the living quarters or main streets where drinking is visible to public".

16—7. The Commissioner adds that the State Government does not propose to introduce total prohibition for the present mainly because of revenue considerations and partly because of administrative difficulties, which he narrates as follows:—

(a) The revenue accruing from this source is about 3 crores (which includes excise duty realised from opium and hemp drugs also) which the State can ill-afford to forego at present notwithstanding that it will entail a further substantial expenditure for maintaining prohibition staff, in case it is introduced.

(b) As per resolution of All India Narcotics Conference, 1949 and 1956, complete prohibition with regard to opium is to be achieved by 31st March, 1959 and as such the revenue from that source also will be completely lost by then.

Rajasthan is surrounded on all sides by about 5 States and except Bombay, there is no prohibition in any of these States. The State of Bombay touches a very small area, while the rest of the State is connected with those States which have not yet embarked on this policy. It is one of the strong reasons why prohibition cannot succeed, unless the areas adjoining to this State also fall in line.

The administrative difficulties are enumerated as below:—

The adivasi area of Udaipur, Doongarpur, Banswara and Chittorgarh, the Jagir areas of Shekhawati and Canal areas of Bikaner are notorious for illicit distillation. The people find a cheap base in Mohwa flowers which grow in abundance in the Advasi tracts and also in sugarcane juice, which is available in plenty in Canal areas of Bikaner. The Adivasi distill liquor in their huts, river beds, Valleys or hill tops. Prohibition will give them a free hand and a good market. The liquor licensees or their agents who usually serve as reliable informers will cease to exist. The Government liquor shops will be replaced by private underground shops run by kalals, for whom it will be tempting to adopt age old profession.

Under the former States the Jagirdars and Rulers had the privilege of distilling their own liquor and although this privilege has been withdrawn, the addiction and temptation

still remains and in case prohibition is introduced they will start distillation in right earnest and it will be very difficult to catch them distilling in their large houses which are like small fortresses. To apprehend these people is a problem because no surprise search can be made due to strict purdah system prevailing in their families. In case a notice is given to them for effecting the search, they get ample time to destroy the unlawful articles of distillation and also the illicit liquor in their possession”.

16—8. There is a body of opinion which favours the introduction of prohibition in Rajasthan by rapid stages. But the practical difficulties as set out above seem to be formidable. There are practically no dry areas in the State and alcoholic drinks are legally procurable everywhere. Nevertheless, the evil of illicit distillation seems to be widespread. And the attempts of the department with its large preventive staff have been successful only to the extent of preventing the evil from growing to still greater proportions. In such conditions, enforcement of prohibition would be a long and costly process and never could be fully effective.

16—9. From the financial angle the difficulties are even more obvious. As stated earlier, the consumption of opium will be stopped after 1959 and excise revenue from this source will be lost to the State. By introducing complete prohibition it will have to make a further sacrifice of Rs. 2½ to 2¾ crores of revenue, which, in its present financial condition, it cannot afford to do.

APPENDIX 16-1

State Excise Duties

Receipts

	(Rs. in lakhs.)					
	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57 (B.E)
	(Actuals)					
(a) Country Spirits	182.32	132.39	145.28	147.10	153.98	170.00
(b) Country fermented liquor	4.15	9.39	6.13	10.43	2.01	..
(c) Malt Liquors .. ..	.02	.11	..	.01	..	..
(d) Wines & Spirits	1.98	2.88	2.69	5.04	9.06	6.00
(e) Receipts from Commercial Spirits in- cluding denatured Spirits and medi- cated wines .. ..	.01	.24	.05	.08	.02	.08
(f) Opium	93.35	81.97	85.83	106.86	92.28	75.54
(g) Duties on Medicinal and Toilet pre- parations .. ..	.19	..	.02	.16	.25	.20
(h) Hemp and other Drugs	7.66	7.65	8.32	9.30	8.67	7.13
(i) Receipts from Distilleries	2.43	..	..	.59	.03	.04
(j) Sale of Alcohol for use as Motor fuel..	.01	..	..	..	..	..
(k) Fines, confiscations and Misc. ..	6.63	1.78	1.91	1.62	2.51	1.10
(l) Recoveries of over-payments .. ..	.18	.09	.55	.22	.02	.01
(m) Collection of payment for services rendered .. ..	..	..	..	..	..	..
Deduct Refund	— .08	— .02	— .22	— .06	— .43	— .10
TOTAL	298.85	236.48	250.56	281.35	268.40	260.00

CHAPTER 17.

SALE TAX

Introduction of Sales Tax.

17—1. For the first time a sales tax was levied in the State of Rajasthan on 1st April, 1955. The Sales Tax Act passed by the State Legislature was based on the pattern of Madhya Bharat Sales Tax Act. The imposition of this tax was found necessary to meet the gap of Rs. 4 crores in revenue caused by the abolition of inter-state transit duties from 1st April, 1955, as a result of the agreement reached between the Government of India and the Rajasthan Government regarding Federal Financial Integration.

17—2. The Rajasthan Sales Tax Act, 1954 introduced a general Sales Tax to be levied at a single point. Mostly it was the first point in the series of sales on which tax was collected but in case of a few articles (like Jeera, Dhania, Mirch, Khaskhas) the tax was collected at the last point. Only dealers whose turnover in a year amounted to Rs. 5000/- in the case of importers, Rs. 10,000/- in the case of manufacturers and Rs. 12,000/- in case of others, were liable to the tax. Cereals, pulses, fresh fruits, salt etc. were given un-conditional exemption from the tax, while some goods like electric energy, hand made paper, handloom cloth were exempted on the condition that the dealer claiming exemption held a valid certificate of exemption to be obtained on payment of the prescribed fee and on fulfilling certain other conditions. Moreover, industries were exempted from the payment of tax on the raw materials required for the manufacture of their finished goods. The general rate of tax to which the commodities were subject was prescribed as 3-1/8% i.e. half an anna per rupee. However, certain commodities like oil, arms and weapons, perfumery and scents, toilet soaps and shaving soaps, the rate of tax varied between $\frac{1}{2}$ per cent and $6\frac{1}{4}$ per cent.

17—3. Due to agitation among the traders after the imposition of the Sales Tax, Government constituted a special committee to listen to their grievances regarding the new tax. As a result of the recommendations of the said Committee the Government granted quite a number of exemptions already mentioned above.

17—4. To examine the recommendations of the Taxation Enquiry Commission, the Government of Rajasthan appointed another Committee in 1956 on whose recommendations the rates of sales tax on toilet articles, cosmetic goods, clocks, time-pieces and watches, electrical goods, wireless reception instrument, radio, gramophone, dictaphones, articles of furniture and cycles were raised from $3\frac{1}{8}$ to $4\frac{11}{16}$ per cent with effect from the 1st May, 1956. High rates ranging from $6\frac{1}{2}$ per cent to $12\frac{1}{2}$ per cent were also levied on certain goods like palm oil.

Present Scheme of Taxation.

17—5. Another special committee was set up by the Government of Rajasthan in 1957. On the recommendation of this committee the Government announced certain changes in the rates of sales tax from 6th May, 1957. As it stands at present, the system of sales tax continues to be single point and the general rate of the tax to be $3\frac{1}{8}$ per cent at the first point. In respect of certain commodities, mentioned in Appendix 'A', sales tax is levied at the last point. On certain goods indicated in Appendix 'B', sales tax is charged at rates varying between 5% and $\frac{1}{2}$ %. Certain luxury goods mentioned in Appendix 'C' are subject to $6\frac{1}{2}$ %. Appendix 'D' gives the commodities on which the sales tax is charged at $12\frac{1}{2}$ %.

Exempted Articles.

17—6. Certain goods are exempted from the payment of sales tax. These consist for the most part of goods essential to the life of the community like salt fresh vegetables, grains, agricultural machinery, cattle feeds, books and stationery etc. A full list of the exempted articles is furnished in Appendix 'E'.

17—7. Appendix 'F' gives a list of commodities which are exempted on the condition that the dealer claiming exemption holds a valid certificate of exemption to be obtained on the payment of prescribed fee of Rs. 10/-. Appendix 'G' shows the industries which have been exempted from the payment of tax on the raw materials required for the manufacture of their finished goods. This exemption is granted on the condition that the dealer claiming exemption holds a valid certificate of exemption obtainable on the payment of the prescribed fee of Rs. 10/-.

Registration of Dealers.—Every dealer who comes within the limit of taxable turnover has to get himself registered under the Sales Tax Act. No person other than the registered dealer may collect any amount by way of tax.

Limit of taxable turnover.—Liability to pay the tax in any particular year is determined according to the turnover of the dealer during the previous year. The minimum limits of turnover prescribed for different types of dealers are:—

(a) Importers.	Rs. 5,000/-
(b) Manufacturers.	Rs. 10,000/-
(c) Others.	Rs. 12,000/-

Sales Tax on Motor Spirit.—The levy of internal custom duty on motor spirit was done away with as early as August, 1954, and sales tax was imposed at annas four per Imperial gallon in the beginning on petrol. This was raised to annas five from 1st May, 1956. The sales tax on petrol may be increased to annas 6 per gallon and on diesel oil it may be raised to 3 annas per gallon.

Sales Tax on Inter-State Trade.—The State was levying a sales tax on imported commodities like coal, including coke, iron and steel, jute and the rate of tax was 3½%. The Central Sales Tax Act which has come into effect from 1st July, 1957, has fixed 2% as the ceiling rate. In conformity with the Central Act the State Government has reduced the rate of tax on these commodities to 2%.

At the same time, it has imposed a sales tax at the rate of 1% on the sale (including sale for export) of oilseeds, raw cotton (ginned and unginned), raw wool and goats. As there is a fairly large export trade in these commodities, the yield from the new sales tax on them should be sizable.

The following statement shows the yield from sales tax:—

Yield from Sales Tax.

(Including tax on Motor Spirit).

1954-55 (Actuals).	Rs. 8,77,060/-
1955-56 (Actuals).	Rs. 1,46,40,719/-
1956-57 (Budget).	Rs. 2,05,80,000/-
1957-58 (Budget).	Rs. 2,96,00,000/-

Incidence of the tax.—The incidence of the tax per capita in Rajasthan, based on Budget Estimates for 1956-57 was one of the lowest. It was Rs. 1.18, as compared with Rs. 1.8 in Andhra, Rs. 6.7 in Bombay, Rs. 1.5 in Madhya Pradesh, Rs. 3.1 in Madras, Rs. 2.3 in Punjab and Rs. 3.6 in West Bengal.

Registration and Exemptions.—The total number of registered dealers and the total number of exemption certificates in force during 1956 and 1957 are given below:—

	<i>No. of registered dealers.</i>	<i>No. of exemption certificates in force.</i>
1956 (on 31st March)	35729	26225
1957 (On 31st March)	38427	20398

Taxation Enquiry Commission's recommendations.

17—8. The most important of the Commission's recommendations relating to sales tax is the adoption of a combined system of multiple and single point tax.

(1) All dealers having a turnover exceeding Rs. 5000/- a year should be liable to the multi-point tax and there should be no exemptions.

(2) The rate of tax should not be higher than half per cent.

(3) For higher turnovers single point tax should also be levied at rates which will have to be determined by each State in accordance with its revenue requirements and other circumstances. The higher rate of single point tax should apply to goods other than those entering the cost of living of the poorer classes. The single point duty need not necessarily be uniform on all types of goods. Further, for the single point tax, the turnover limit should be relatively high e.g. Rs. 30,000/- a year.

(4) Exemption should be limited to a few large, well-defined classes of goods.

17—9. The State Government appointed a Committee in 1955 to examine the recommendations of the Commission. That Committee expressed agreement with the general recommendations of the Commission but considered that the adoption of multi-point taxation will have to be deferred until greater experience was gained in the administration of the tax as now levied. Therefore the single point tax, with a large number of exemptions, continues to be in force. With some adjustments it would readily fit into the combined system recommended by the Taxation Enquiry Commission. What is needed is to impose (in addition to the existing sales tax) a multiple point sales tax at a very low rate with practically no exemptions, except

perhaps in respect of foodstuffs consumed by people in the lower income group. Another major change needed would be to raise the present turnover limits for registration of dealers liable to single point tax and lower them suitably for dealers liable to multi-point tax.

17—10. These changes would be far reaching but entirely in the right direction. But as opined by the Committee already referred to, it would be advisable to defer their introduction until more experience is gained and satisfactory methods of working are established. It cannot be said that all or nearly all registerable dealers have as yet been brought into the tax net. It will take some time before the department could be geared to the increased responsibilities involved in administering a more complex system combining multi-point and single-point taxation. The business community too must be given time to become familiar with the requirements of the sales tax system. Frequent amendments of the Act and Rules have to be avoided at this stage as far as possible.

17—11. But although the multi-point levy may be postponed, there is no reason why the ground should not be prepared from now for its eventual introduction. This may best be done by taking an informal census to ascertain the number of dealers with turnover of about Rs. 5,000/—, their distribution over different parts of the State and the types of business in which they are engaged. The data thus secured will give the Government a clear idea of the additional revenue that will accrue by this measure and of the preparatory steps to be taken to ensure its smooth working.

17—12. *Rates of Sales Tax in different States.*—A comparative study of rates of sales tax in different States shows that quite a number of articles which are taxed elsewhere are on the free list in Rajasthan and that on particular classes of goods Rajasthan rates of tax are in practically no instance higher, while in certain cases they are lighter, than in other States.

Appendix 'H' gives a comparison of the rates of import duties (levied until 1955) and current rates of sales tax on some important commodities.

17—13. *Uniformity of rates.*—In every State, for reasons which can be readily appreciated, the introduction of the Sales Tax and every attempt to widen or deepen its basis have met with protests from the general public and more specially from the trading community. It would appear that the objections of the trading classes relate not so much to the pitch of the rates of sales tax as to the lack of uniformity in its levy and administration by the State Govern-

ments. In an appeal addressed to the Government of India in May, 1957, the Federation of Indian Chamber of Commerce and Industry wrote "The Central Sales Tax Act rationalises to some extent sales tax on inter-State transactions and on essential articles. When this Act comes into force from 1st July, 1957, it will give some relief to the commercial community. Yet quite a few major problems remain—problems arising out of the prevailing diverse systems, rates and procedure". The Chamber suggested the holding of a tripartite conference of representatives of the Government of India, the State Governments and of industry and trade to consider these problems. An economist of high standing who is studying sales tax questions in the Madras State is reported to have suggested that the Governments of adjoining States might exchange views for the removal of existing disparities and that the Zonal Councils would offer a suitable forum for this purpose.

17—14. *Surcharge on Excise in lieu of Sales Tax.*—The Federation has made another significant suggestion in the appeal already referred to. "In connection with the scheme to levy Sales Tax as a surcharge on excise duty, the Federation has received representations from many interests suggesting that the coverage of the scheme should be extended. The interests concerned are not unaware that the incidence of the tax might perhaps be heavier if levied in this way but in their anxiety to avoid the difficulties and complications arising out of the existing system, they would prefer the simplicity afforded by amalgamation. Some articles to which the system can be extended are steel, ingots, cement, vegetable products, woollen and artificial silk fabrics etc."

17—15. In a speech made in the Lok Sabha on 31st August, 1957 the Union Minister for Finance is reported to have said:—

"The idea of amalgamating the sales tax and excise duty on certain goods was to augment the States resources because at present there was a large scale evasion of sales tax on these goods. If it was excise duty it could be collected without much loss. Any addition that the Centre put on the excise duties would perhaps increase the resources available to the States without adding to the burden of the consumer."

17—16. The State Governments having agreed that an additional duty of Central Excise might be levied on cotton textiles, tobacco and sugar in place of the sales tax on these articles, necessary legislation has been passed. The Finance Commission has estimated that the yield of these additional duties would be about

Rs. 32½ crores. According to the recommendations made by the Commission about the distribution of the proceeds, Rajasthan is to get an assured sum of Rs. 90 lakhs, being the present income of the State on account of sales tax on the articles mentioned. If the total realisations exceed Rs. 32½ crores, the surplus is also to be distributed to the several States, Rajasthan's share being 4.32% of such surplus.

17—17. Progressive substitution of Sales Tax by Central Excise surcharges in so far as it is practicable and adoption of a simple and uniform Sales Tax in all the States are among the important reforms needed in the present system.

17—18. *Administration.*—The sales tax has become or is becoming the most important source of revenue to State Governments. Particular care is, therefore, required to see that its administration is efficient and free from corruption. Emphasizing this view, the Taxation Enquiry Commission have made the following recommendations:—

(i) "That the wide powers entrusted to sales tax authorities should be vested only in officers of adequate seniority and rank;

(ii) that the staff should be sufficient to secure that assessment and collection are prompt and not allowed to lag behind; and

(iii) that in addition to the assessment staff there should be an inspection and investigating agency to detect evasion and malpractices and, possibly, also to help the dealers to comply better and more promptly with the requirements of the administration"

We have no hesitation in saying that these recommendations should be implemented.

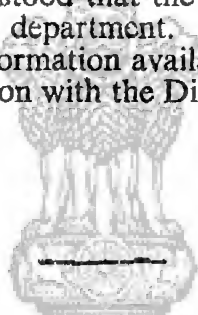
17—19. *Sales Tax Tribunals.*—At present assessments and orders made by the Sales Tax officer are appealable to higher departmental authorities. This is no doubt a normal arrangement. But in the administration of fiscal laws it is desirable that the assessee should have an opportunity of appealing to an independent tribunal to which no suspicion of departmental bias could be attributed. In several States such tribunals have been set up as part of the sales tax machinery. This may be done in Rajasthan also.

17—20. *Sales Tax Advisory Committee.*—It is understood that following another recommendation of the Taxation Enquiry

Commission, Government have recently appointed a Sales Tax Advisory Committee for the maintenance of liaison with the trade and industry.

17—21. *Intelligence Section.*—The Taxation Enquiry Commission has also pointed out that there is need for creating an intelligence section in the Sales Tax Department. “Detailed information about the different types of dealers in the State, classification of tax receipts according to realisations from sales of different goods in the State and outside the State etc. would be of great value to the State Governments in determining their tax policy, list of exemptions etc”. The administration is already feeling handicapped by lack of such essential information. Among the first tasks of the Intelligence Section would be the census of dealers which has been suggested in para 17—11.

17—22. It is understood that the nucleus of such an organisation already exists in the department. The scope and method of compiling the statistical information available in the taxation records may be settled in consultation with the Directorate of Economics and Statistics.



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APPENDIX 'A'

List of goods on which Sales Tax is charged at the last point.

S. No.	Name of the Commodity.	Rate of levy.
1.	Zeera	3½%
2.	Dhania	"
3.	Mirchi	"
4.	Methi Dana	"
5.	Gund and Kathila	"
6.	Khaskhas	"
7.	Ajwain	"
8.	Suwa	"
9.	Pearls (real and cultured)	2%
10.	Oilseeds including Alsi	1%
11.	Raw Cotton (Ginned and unginned)	"
12.	Pig iron, iron ore, iron dust, iron scrap and iron defectives	"
13.	Raw Wool	"
14.	Goats	"
15.	Ornaments made of real gold and real silver	½%
16.	All articles (excluding ornaments) made of gold and silver	"
17.	Jewellery	"

APPENDIX 'B'

List of goods on which Sales Tax is charged at rates varying between 5% and $\frac{1}{2}\%$.

S.No.	Name of goods.	Rate.
1.	Bullion Gold and Silver	$\frac{1}{2}\%$
2.	Ornaments made of real gold and real silver (Last point)	„
3.	All articles (excluding ornaments) made of gold and silver (Last point)	„
4.	Jewellery (Last point) .. .	„
5.	Allopathic and Homoeopathic Medicines	„
6.	Pearls real and Cultured (Last point)	2%
7.	Stainless steel sheets and article made of stainless steel	4%
8.	Cinematographic, photographic and other cameras, projectors and enlargers, Monses and other parts and accessories of such cameras, projectors and enlargers and film plates, paper and cloth required for use therewith, film packs and other photographic goods	5%
9.	Dyes, colours, paints of all kinds including indigo, varnishes, metal polishes of all kinds and peddings for filling cracks, sand-paper, turpentine oil, bale oil and other various articles which are used for paints	5%
10.	Cycles and parts and accessories thereof	5%

APPENDIX 'C'

Goods including Luxury Goods Taxable at 6½%.

S.No. 1	Name of goods. 2	Rate. 3
1.	Hydrogenated vegetable and edible oils including Banaspati	6½%
2.	Cigarette & Cigars	"
3.	All kinds of arms, weapons and their accessories including ammunitions	"
4.	Potash, fireworks, crackers and other explosives ..	"
5.	(a) All goods, appliances and accessories for toilet and shaving, including toilet soaps and shaving soaps of all kinds. All perfumery and scents, Almond oil, Rose oil, Olive oil, and all kinds of hair oils and scented oils. Powders, Creams and pastes including tooth powders and tooth pastes. Kewara and Rose waters. Combs and Brushes. (b) All cosmetic goods, appliances and accessories ..	"
6.	Watches, time-pieces and clocks, and parts and accessories thereof	"
7.	(a) All electrical goods, instruments, apparatus and appliances (including refrigerators, air conditioning plants, loud speakers and micro-phones) (b) Parts and accessories of goods included in (a) above (including fans, Lighting bulbs, torch cells and earthenware, porcelain and other electrical accessories)	"
8.	(a) Wireless reception instruments and apparatus and parts and accessories thereof (including all electrical valves, accumulators, amplifiers and loud speakers, which are not specially designed for purposes other than wireless reception) (b) Radio Gramophones and parts and accessories thereof (c) Dictaphones (and other similar apparatus for recording sound) and parts and accessories thereof	"
9.	Articles of furniture of all kinds	"
10.	(i) Motor vehicles including motor cars, motor taxi cabs, motor cycles and cycle combinations,	

1	2	3
	motor scooters, motorettes, motor omnibuses, motor vans, motor lorries, motor trucks and motor boats, perambulators.	6½%
	(ii) Chassis of motor vehicles	"
	(iii) Component parts of motor vehicles, articles (in- cluding rubber and other tyres and tubes and batteries) adopted for use as parts of acces- sories of motor vehicles and bodies	"
11.	Gramophones of every description, gramophone re- cords and needles including accessories and spare parts of gramophones	"
12.	Silk including artificial silk and silken goods of all types, velvet and articles made of it including caps. .	"
13.	All kinds of woollen goods, shawls and woollen cloth including woollen yarn and thread	"
14.	Carpets, peel carpets, asans and footrugs	"
15.	Vacuum flasks of every description including hot- water, ice and food jars, ice boxes or containers and thermos flasks	"
16.	All kinds of goods and ware made of glass excluding hurricane lantern chimneys	"
17.	Table cutlery including knives, forks and spoons ..	"
18.	Sanitary fittings of every description	"
19.	All kinds of leather goods except footwear	"
20.	Cigarette cases and lighters	"

APPENDIX 'D'

Goods Taxable at 12½%

S. No.	Name of the goods.	Rate.
1.	Palm oil	12½%



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APPENDIX 'E'

List of commodities which are exempted from Sales Tax.

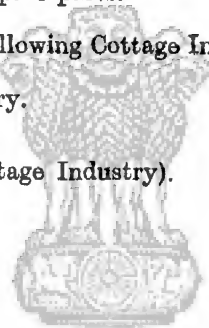
S. No.	Name of Commodity.
1.	Cereal and pulses in all forms including broad and flour (atta), maida, suji and bran.
2.	Fresh fruits, sugarcane, vegetables, onions and garlic, edible tuners, vegetables and flower seeds, bulbes plants, excluding orehids.
3.	Fresh milk, whole or separated and milk products including ghee and butter.
4.	Meat, fish and eggs.
5.	Salt.
6.	Hand spun and hand woven khadi and yarn produced by All India Spinners Association or by any other organisation or person certified by it and sold exclusively by one class of dealer.
7.	Handlooms.
8.	Fertilizers and manures, agricultural machinery and implements including parts of such machinery and implements.
9.	Cattle feeds.
10.	Books, exercise books, slates, slate pencils and periodical journals.
11.	All goods on which duty is or may be levied under the Rajasthan Excise Act, 1950 (Act No. II of 1950), Indian Opium Act of 1878 and 1857 as applied to Rajasthan; Bhang, Ganja (Homp drugs).
12.	Motor spirit which is liable to tax under the Rajasthan Sales of Motor Spirit Taxation Act, 1954 (Act No. VI of 1954).
13.	Charcoal and firewood.
14.	Desi sweetmeats prepared by Halwaies including bhujias, puries and paranthas.
15.	Water excluding aerated waters.
16.	Live-stock excluding camel, sheep.

APPENDIX 'F'

Commodities not liable to Sales Tax on the condition that the dealer claiming exemption holds a valid certificate of 'Exemption' for which a fixed annual fee of Rs. 10/- is fixed.

S. No. 1	Name of the Commodity. 2
1.	Electrical Energy.
2.	Handloom cloth, including pagri made of Handloom cloth (with or without challa), Safa woven on handloom and Handloom cloth inter-woven with gold thread, of whatever description.
3.	Hand-made paper.
4.	Un set out and uncut precious stones real or synthetic.
5.	Ivory and all articles made of ivory.
6.	Prepared medicines used in the Ayurvedic or Yunani systems of medicines.
7.	Cotton yarn, including waste cotton yarn but excluding thread.
8.	Deshi footwear, when sold by the person making the footwear himself or by any member of his family provided the maker does not employ any paid labour or use power at any stage in making the footwear; or when sold by a Co-operative Society registered under law.
9.	Bangles, made of lac, topali (of coconut) Xylonite or Catlin tube.
10.	Wooden, earthen and paper mache toys and wooden lacquer goods.
11.	Images and idols made of stone or marble.
12.	Hand-made utensils made of any metal when sold by the maker of such utensils himself or by any other member of his family, provided the maker of the utensils does not employ paid labour or use power at any stage for making the utensils; or when sold by a Co-operative Society registered under law.
13.	Raw hides and skins.
14.	Locally manufactured gold and silver gota, salma sitara and badla.
15.	Police Canteens.
16.	Military Canteens.
17.	Mishri, Patasha and Bura.

1	2
18.	(i) Articles made of Minakari. (ii) Hand paintings.
19.	Scrap of Non-ferrous metals, sheets and circles of Brass and Kansa.
20.	(i) Hand spun woollen yarn. (ii) Ready-made clothes made of khadi cloth when sold by a Khadi Bhandar certified as such by the All India Khadi and Village Industries Board. (iii) All carding, spinning and weaving apparatus and appliances relating to the productions of Khadi (Khadi Saranjam) and spare parts of such apparatus and appliances, including Amber Charkha and its spare parts. (iv) Products of the following Cottage Industries:— (a) Village Pottery. (b) Kolhu Oil. (c) Matches (Cottage Industry). (d) Bee-keeping. (e) Palm Gur. (v) Palm Gur.



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APPENDIX 'G'

List of Industries which are exempted from Payment of Sales Tax on the raw materials required for the Manufacture of their Finished Goods on obtaining Exemption Certificate.

S.No. 1	Name of Industry 2	Goods exempted. 3
1.	Dari making Industry	Colours, dyes, cotton.
2.	Steel door, casement and cabinet making Industry.	G.P. & M.S. Sheets, round bars, iron, non-ferrous metal and coal, mild steel billets furnace and fuel oil.
3.	Textile Mill (Spinning & Weaving) and power looms	Silk, artificial silk, yarn, chemicals, steam coal, jute goods, sizing materials, dye paints, and varnishes, shuttles, bobbins reeds, and healds, belting diesel oil and crude oil, cotton-ginned and unginned, cotton yarn.
4.	Chemical Industry.	Sodium nitrate, sulphuric acid, steam coal, caustic soda, tamarind seeds, lime and crude oil.
5.	Hosiery.	Wool, woollen yarn, silken yarn, art silk yarn, hosiery cloth, dyeing, bleaching chemicals and cotton including thread, cotton and cotton yarn.
6.	Sugar Factory.	Chemicals, jute goods, steam coal, crude oil, and diesel oil.
7.	Oil Milling Industry.	Oil drums, empty tins, steam coal, crude oil and diesel oil and oil seeds.
8.	Leather Industry.	Leather.
9.	Utensils manufacturing Industry, Metal Rolling Industry and Non-ferrous Metal Industry.	Zinc sheets and circles, ingots sheet, brass, copper, non-ferrous metal, aluminium sheets and circles brass and copper scraps, steam, coal hard coke and crude oil.
10.	Glass Industry.	Sand, soda-ash, chemicals steam coal, furnace oil.
11.	Paint and Varnish Industry.	Ochres, turpentine, lac, resin, pigments, vegetable oils (including linseed oil and boiled oil) and tin containers.

1	2	3
12.	Bone Crushing Industry.	Raw bones and bags.
13.	Soap Industry.	Caustic soda, steam coal, soda silicate, soap-stone, colour, oils and soda ash.
14.	Cloth dyeing and Printing Industry.	Cloth, colours, bleaching materials, paints, varnishes and dyes.
15.	Cotton Ginning and Pressing Industry.	Jute goods, Patti, crude oil, diesel oil, steam coal hoops.
16.	Carpet and Namda Industry.	Woolen yarn and raw wool.
17.	Foundries and Workshops.	Hard coke, coal, scrap, M. S. Sheets, flat bars, pig iron.
18.	Rolling and Re-rolling Industry.	Iron and steel scraps, flats, rails, hard coke, steam coal, crude oil, arsenic, amorphous, furnace oil.
19.	Cement Processing Industry	Cement, steel bars and steel wires.
20.	Umbrella Processing Industry.	Cloth, ribs, handles and frames.
21.	Trunk Manufacturing Industry.	Round bars, Iron Sheets, Plain sheets.
22.	Gur-making Industry.	Jute Goods.
23.(a)	Engineering Industry (Bucket manufacturing).	Round bars, Iron bars, Plain sheets, Zinc and Bars.
(b) (i)	Iron and Steel.	(Billets, Bars and Rods, Wires, Tubes, Sheets, Plates and Trips, Rings, Sleeves and Nuts, Locking Plates, Castings machined or un-machined)
(ii)	Brass and Bronze.	Rods, Tubes, Strips, Sheets, Rings and Castings machined or un-machined.
(iii)	Pig Iron and Casting thereof.	(Machined and un-machined).
(iv)	Plastic and Moulding Materials and Foundry Materials coal and coke.	
(v)	Oils.	(Fuel, Lubricants, Cutting and Coolant; Grease and rust preventives.)

1	2	3
	(vi) Chemicals.	Evco, Acids, Bone Charcoal, Soda-caustic and Ash Sulphur, Trichiora, Athylene and other chemicals compounds, and chemicals salts.
	(vii) Welding, Brazing Soldering Materials and Glasses.	
24.	Furniture and motor Body Manufacture.	Timber, iron sheets.
25.	Gota Industry.	Gold and Silver thread copper, cotton, and silk thread.
26.	Wool Industry.	Raw wool and yarn.
27.	Cement Industry.	Fuel, crude oil, Gypsum, Gunny bags and lime stones.
28.	Electric Meter Industry.	Meter components, metal semies, paint and hardware.
29.	Starch Industry.	Steam coal and chemicals.
30.	Type Foundry Industry.	Lead.
31.	Bidi Industry.	Tobacco (Zarda) and Tandu Leaves.
32.	Ice Factory.	(1) Steam Plant; steam coal. (2) Oil Plants High Speed diesel oil and crude oil.
33.	Mica and Mineral Ore Industry.	Fuel oil and explosives.

COTTAGE INDUSTRIES.

1.	Handloom cloth Khadi and Woollen Industry.	Cotton, Wool, Silk, art silk, woollen yarn, Zari dyes, chemicals, shuttles, bobbins, healds and reeds.
2.	Tanning Industry.	Chemicals and other tanning materials.
3.	Metal Utensil Manufacturing Industry.	Non-ferrous metal circles and sheets.
4.	Gur Industry.	Chemicals.
5.	Lacquerware Industry.	Wood.
6.	Toys Manufacturing Industry.	Rags, wire and paper, wood.
7.	Hosiery Industry.	Silk, art silk and woollen yarn.
8.	Cloth Dyeing and printing Industry.	Cloth, colours, bleaching materials, chemicals, paints, varnishes and dyes.
9.	Tapes, laces, ropes, niwar and Namda making Industry.	Silk yarn and dyes.

APPENDIX 'H'

S.No.	Name of Commodities.	Import rates.	Sale tax levied
1.	Mull and hand-made medium, fine and Superfine cloth	4-11-0%	3½% General rate
2.	Silk Cloth	6-4-0%	6½%
3.	Prepared tobacco whatever shape or form including Cigar, Biri, Snuff and Chewing tobacco	12-8-0%	6½%
4.	Iron plain tinned or galvanis d sheets, Brass Bound or Flat Strips wire and corrugated sheets.	3-2-0%	2%
5.	Manufactur d articles of Iron	6-4-0%	4%
6.	Aeroplanes, Motor Cars, Buses and Lorries	6-4-0%	6½%
7.	Refined and un-refined oils of ground nuts and coconut	10-0-0	6½%
8.	Sugar of all kinds and Minja	2-0-0 per Md. 10. Md.	3½% General Rate.
9.	Gur, Mushti Kar Kar and Chayal etc.	1-0-0 per Md.	3½% ..
10.	Coal, their ashes and dust	0-1-0 per Md.	2%

CHAPTER 18

OTHER TAXES.

Stamps.

18—1. The covenanting States had their own laws relating to stamps before the formation of Rajasthan in the year 1949. In 1952 the Government of Rajasthan adopted the "Rajasthan Stamp (Adoption) Act, 1952" to introduce uniformity in stamp law.

18—2. Stamp duties are:—

(1) Judicial and (2) Non-Judicial. The former are regulated by the Court Fees Act, 1870 and represent fees payable by persons having business in law courts and public offices. Non-Judicial Stamp duties are regulated by the Indian Stamps Act, 1899 as amended from time to time.

18—3. *Non-Judicial Stamps.*—The Stamps duties are leviable either on an *ad valorem* basis or fixed basis. "Usually where the transaction denoted by the instrument is susceptible of valuation, *ad valorem* duty is charged; where it is not, or where an *ad valorem* duty would be troublesome to the administration or unduly burdensome to the tax payer, fixed duties are charged".

18—4. Bill of exchange, conveyance, debenture, lease, mortgage deed, partition deed, insurance policies and transfer of shares and debentures are some of the important documents on which *ad valorem* duties are levied.

18—5. Acknowledgement, adoption deed, Bill of Lading, letter of credit, proxy and receipt are some of the instruments on which fixed rates of stamp duty are charged. The rates of stamp duty leviable on different instruments are specified in the Schedule of the Rajasthan Stamp (Adoption) Act, 1952. The rates were amended in the year 1953 and further in the years 1955 and 1956.

18—6. The Schedule of the Rajasthan Stamp Act specifies different instruments and the duties leviable thereon. These instruments can be broadly classified as relating to (1) transfer of property, (2) commercial transactions and (3) other transactions. The three typical *ad valorem* rates are those chargeable on (1) conveyance (2) a bond and (3) bill of exchange.

18—7. *Exemption.*—Among the documents which are exempted from the levy of the Stamp Duty are those executed by or in favour of Governments relating to sales, mortgages or other dispositions of bonds, debentures, securities in respect of loans raised by any local authority, instruments in favour of the official assignee and certain instruments under the Land Acquisition Act; those notified under Land Revenue Act and Codes, instruments executed by holders of Government Scholarships or stipends agreements or security bonds furnished by contractors to certain departments of Government, instruments executed by co-operative societies etc.

18—8. Appendix 18-1 shows the rates of stamp duties leviable in the various States on conveyances and allied instruments by which properties, whether movable or immovable, are transferred. The comparison of the rates prevailing in different States reveals that in East Punjab and Rajasthan the rates are on a par. The rates of Rajasthan on documents in which the value of consideration exceeds Rs. 400/- are equal to the rates of Madhya Pradesh. The rates in Rajasthan are the highest except Madras and Bombay and its notified cities. In Rajasthan no surcharge is levied whereas it is charged in Bombay, Orissa and U.P. The rates of surcharges are 50% in Bombay, 37½% in Bihar, 25% in Orissa and Uttar Pradesh.

18—9. Should financial exigencies require, a surcharge not exceeding 25% on the present rates may be imposed on transactions of value exceeding Rs. 1000/-.

18—10. In addition to Stamp Duties, the proceeds of which are credited to State Revenues, local bodies in certain States are permitted (or required) to levy a duty on transfer of immovable properties within their jurisdictions. By this means they obtain an appreciable addition to their resources. The Taxation Enquiry Commission observed that "for local bodies generally, and for urban bodies in particular, this is a very suitable item of taxation", as "the amenities provided and programmes pursued by the local authorities are often in no small measure responsible for the increase in value of sites and buildings in urban areas and a duty on the transfer of such properties is an appropriate way of securing a share of the increase to local bodies".

18—11. In a growing city like Jaipur, where land values are high, a levy like this would bring a considerable income to the Municipality or Urban Board as the case may be, while the cost of collection (through the Registration Department) would be negligible.

18—12. The Taxation Enquiry Commission have suggested the levy of a tax in the shape of stamp duty on transactions relating to forward markets. Bombay is said to be the only State where Stamp Duty of this kind is levied. The Additional Inspector General, Registration and Stamps, is of the opinion that some additional revenue could be secured if provision for similar levy of Stamp Duty is made in the Stamp Act of Rajasthan. But considering business conditions in this State the suggestion of the Department seems premature.

18—13. *Court Fees*.—Court Fees are levied under the Court Fees Act, 1870 as amended from time to time by the State Legislature. The fees that are payable by persons having business in law courts and public offices are known as court fees. The court fees are leviable either on *ad valorem* basis or on a fixed basis. On appeals and plaints the court fee is leviable on an *ad valorem* basis and on applications, vakalatnamas and petitions the court fee is payable on a fixed basis. Before the issue of Notification No. F. 16 (4) Sp/54, dated the 1st February, 1955, the Commission on the sale of judicial stamps was Rs. 3/2% at District Headquarter, Rs. 4/11% at S.D.O. Headquarter and Rs. 6/4% at Tehsils. After the issue of the notification the commission rate was reduced to Rs. 1/9% in all cases, and no commission was payable up to the sale of Rs. 2/-.

18—14. The following statement shows the revenue from stamp (Judicial and Non-Judicial) and expenditure on this head from 1951-52:—

Year.	Revenue in lakhs of Rs.		Total.	Expenditure.
	Judicial Stamps.	Non-Judicial Stamps.		
1951-52	28.40	18.93	47.33	0.99
1952-53	28.27	22.93	51.20	2.22
1953-54	31.16	23.56	54.72	3.00
1954-55	32.31	22.90	55.21	2.73
1955-56	..	..	66.33	2.85
1956-57	32.16	34.13	66.29	2.83

18—15. A view has been often expressed that court fees should only cover the cost of administration of law and justice and that the State should not look to the fees as a source of revenue.

18—16. The cost of the High Courts and Civil and Sessions Courts (excluding pensions of judges and various overheads which are budgeted separately) comes to Rs. 45 lakhs which is appreciably higher than revenue from court fees in the State.

18—17. The Taxation Enquiry Commission noticed “a general feeling among the State Governments that the system of valuation of plaints and causes under the Court Fees Act is defective and required to be revised to suit changed conditions. Accordingly, in some States the method of valuation of land and pre-emption suits has been revised, while partition suits have been made to pay *ad valorem* fees, instead of fixed institution fees”. One recent instance of such amending legislation is Madras Act XIV of 1955, which consolidates the law relating to court fees and valuation of suits in the State of Madras, repealing the Court Fees Act, 1870 (Central Act VII of 1870) and the Suits Valuation Act, 1887 (Central Act VII of 1887), in their application to that State.

18—18. In Rajasthan too, action may be taken on similar lines to rationalise the law relating to court fees and valuation of suits. This may result in some additional revenue but even so the total receipts are unlikely to exceed the cost of the administration of justice in the State.

18—19. *Entertainment Tax*.—Recently the ‘Rajasthan Entertainment Tax Act, 1957’ has been enacted by the State Government with a view to make this tax a source of State Revenue. Local Authorities which were in receipt of an income from Entertainment Tax during any part of three years prior to the enactment of this legislation will be compensated by the State Government out of the proceeds of this tax. Action has been taken to implement this Act. The estimated yield from this tax is Rs. 3 lakhs.

18—20. *Motor Vehicles Tax*.—The system and rates of taxation on motor vehicles varied in the covenanting States of Rajasthan. With a view to securing uniformity in the rates of taxation and administration the “Rajasthan Motor Vehicles Taxation Act” was passed in 1951. Rules under the Act were issued and brought into force from 1-4-1951.

For the purpose of registration of vehicles the Collector and District Magistrate is the Registering Authority for each District and the rates of fees for different kinds of vehicles as prescribed in Eighth Schedule to the Rajasthan Motor Vehicles Rules, 1951 are as follows:—

(i) Motor Cycles and invalid carriages.	Rs. 5/-
(ii) Heavy Transport Vehicles.	Rs. 32/-
(iii) Any other vehicle.	Rs. 16/-
(iv) Trailor.	Rs. 5/-
(v) Temporary Registration.	Rs. 2/-

For the levy and collection of motor vehicle taxes (other than Registration fees) the officers of the Directorate of Transportation are responsible.

Basis of Tax.

The basis of taxes levied under the Rajasthan Motor Vehicles Taxation Act on various kinds of vehicles is either the seating or carrying capacities of the vehicles.

Rates of Taxes.

Copies of the up-to-date amended Taxation Schedules I, II, III and IV containing detailed information with regard to the rates of taxes levied on different kinds of motor vehicles are appended (Appendices 18—2 to 18—5).

Incidence of Tax.

The Rajasthan Motor Vehicles Taxation Act and Rajasthan Motor Vehicles Taxation Rules, 1951 came into force on 1-4-1951. Since then the position with regard to the number of various kinds of vehicles has been as follows:—

Type of Vehicles.	1951	1952	1953	1954	1955	1956
1. Private car, buses and Jeeps ..	4481	4846	5635	6539	6776	8145
2. Motor Cycles, Trycles and Rickshaws ..	452	580	722	844	952	1323
3. Taxi cabs and Contract Carriages ..	132	122	136	126	123	202
4. Stage carriages ..	1498	1982	2210	2348	2571	2996
5. Public Carriers ..	2339	2433	2617	2666	3025	3451
6. Private Carriers ..	656	353	509	910	940	1182
7. Others ..	249	612	966	1175	1537	2107

The position with regard to receipts from vehicles tax is as under:—

<i>Year.</i>	<i>Amount (in rupees)</i>
1951-52	24,75,000
1952-53	31,55,000
1953-54	32,84,000

<i>Year</i>	<i>Amount (in rupees).</i>
1954-55	35,58,000
1955-56	40,52,000
1956-57	53,97,000

These amounts also include Registration and Licenses fees etc.

From the above details it will appear that the receipts of vehicle tax has increased gradually along with the increase in the number of vehicles and rates of taxes. The percentage of increase is given below:—

<i>Year</i>			<i>Percentage of increase.</i>	
			<i>Vehicles</i>	<i>Tax</i>
1952	..	..	11.22%	27.47%
1953	..	..	17.43%	4.08%
1954	..	..	14.06%	8.34%
1955	..	..	8.09%	13.88%
1956	..	..	22.01%	33.19%

18—21. *Rates comparison with other States.*—A comparative statement showing the rates of taxes levied in Rajasthan and some other States as also the ceilings recommended by the Motor Vehicles Taxation Enquiry Committee set up by the Government of India is given in Appendix 18—6.

The recommendations of the Motor Vehicles Taxation Enquiry Committee have already been fully considered and increase in the rates of taxes was effected during the year 1956 as per Rajasthan Motor Vehicles Taxation (Amendment) Act, 1956.

The Act recently passed by the State Legislature provides for further increase of taxes on the following classes of Motor Vehicles:—

<i>Particulars of Vehicles</i>	<i>Rates of tax before revision Rs.</i>	<i>Rates as revised under the Act. Rs.</i>
1	2	3
1. State carriages (having a seating capacity of more than 25 seats)	25/- per seat per annum	30/- per seat per annum
2. Private Cars	12/- per seat per annum	15/- per seat per annum
3. Motor Cars	30/- per seat per annum	35/- per seat per annum

1	2	3
4. Private carriers (2 to 5 tons carrying capacity)	800/- per annum	1,000/- per annum
5. Motor Cycles	18/- per annum	21/- per annum
6. Pick-ups	84/- per annum	100/- per annum

18—22. *Taxes on passengers by Motor Vehicles.*—Several States have been levying taxes on passengers and also on goods carried by road in motor vehicles. In Punjab the rate of tax has recently been raised to 2 pies per anna value of the fare. No such tax has been levied in Rajasthan. As the Central Government has now levied a tax on passenger fares by Railway (with a view to distributing the proceeds to the States), the question of levying a similar tax on passenger fares by buses has to be considered. The maximum rates of bus fares in Rajasthan are as noted below:—

- (i) A class routes (metalled roads)—8 pies per passenger per mile.
- (ii) B class routes (Kankar route)—11 pies per passenger per mile.
- (iii) C class routes (Kacha)—14 pies per passenger per mile.

The tax may be levied in the first instance on class A routes mentioned above at the rate of $1\frac{1}{2}$ pies per anna value of the fare. If any municipalities on such routes are collecting a terminal tax on passengers, they should be asked to discontinue the same. For loss of income from this source, the municipalities may be compensated from the proceeds of the State tax.

18—23. *Electricity Duty.*—The Finance Commission have observed “The State Governments should take adequate steps to ensure that these (Electricity) Boards are run in such manner that they are able to meet the interest burden on the outstanding loans due to the States. States which are not now levying an electricity duty because the electrical undertakings are State-owned may strengthen their revenue position by levying it”.

The charges for electric energy in Rajasthan, though they are relatively high, are insufficient to make the power houses financially self-supporting. It is among the most urgent tasks of the new Electricity Board to improve the working of the power houses and revise the tariff so as to make the undertaking as nearly self-financing as possible. Pending the rationalisation of the tariff of rates, there seems to be no scope for levying electricity duties.

APPENDIX 18-1

Statement showing the Rates of Stamp Duties leviable in the various states on Conveyance and allied instruments by which property whether movable or immovable is transferred.

Valuation of consideration.	Special Rates In										
	General rates under the Indian Stamp Act.	Bengal	Orissa.	Bihar &	Madras.	East Punjab & Rajasthan.	U.P.	M.P.	In Greater Bombay.	In notified cities.	Other Urban areas.
	1	2	3	4	5	6	7	8	9	10	11
1. Does not exceed of Rs 50/-		0-8-0	0-12-0	1-8-0	1-0-0	0-10-0	0-10-0	0-8-0	0-10-0	0-10-0	0-10-0
2. Exceeds Rs. 50 but not 100.		1-0-0	1-0-0	3-0-0	2-0-0	1-4-0	1-5-0	1-0-0	1-0-0	1-0-0	1-0-0
3. 100 "		2-0-0	3-0-0	6-0-0	4-0-0	2-8-0	2-10-0	2-0-0	2-0-0	2-0-0	2-0-0
4. 200 "		3-0-0	4-8-0	9-0-0	6-0-0	4-1-0	4-10-0	10-0-0	7-8-0	4-8-0	4-8-0
5. 300 "		4-0-0	6-0-0	12-0-0	8-0-0	5-10-0	7-5-0	14-0-0	10-8-0	6-0-0	6-0-0
6. 400 "		5-0-0	7-8-0	15-0-0	10-0-0	7-3-0	10-0-0	18-0-0	13-8-0	7-8-0	7-8-0
7. 500 "		6-0-0	9-0-0	18-0-0	12-0-0	11-4-0	12-0-0	22-0-0	16-8-0	9-0-0	9-0-0
8. 600 "		7-0-0	10-8-0	21-0-0	14-0-0	13-12-0	14-0-0	26-0-0	19-8-0	10-8-0	10-8-0
9. 700 "		8-0-0	12-0-0	24-0-0	16-0-0	15-0-0	16-0-0	30-0-0	22-8-0	12-0-0	12-0-0
10. 800 "		9-0-0	13-8-0	27-0-0	18-0-0	16-14-0	18-0-0	34-0-0	25-8-0	13-8-0	13-8-0
11. 900 "		10-0-0	15-0-0	30-0-0	20-0-0	18-12-0	20-0-0	38-0-0	28-8-0	15-0-0	15-0-0
12. For every Rs. 500 or part thereof in excess of Rs. 1000/-		5-0-0	7-8-0	15-0-0	10-0-0	9-6-0	10-0-0	20-0-0	15-0-0	10-0-0	7-8-0

Note:—These rates are exclusive of the surcharges shown below:—

50% in Bombay States.

37½% in Bihar.

25% in Orissa & Uttar Pradesh.

The rates in Rajasthan are the highest except in Madras and in Greater Bombay and its notified cities. If surcharges as in Bombay, Bihar, Orissa & U.P. are imposed in Rajasthan, the revenue may increase.

APPENDIX 18-2

Rates of taxes on Motor vehicles.

- A. Vehicles (other than Transport vehicles plying for hire or required) if fitted solely with pneumatic tyres Rate of tax.
- I.(a) Motor Cycles(including Motor Scooters) and Motor Tricycles and Cycles with mechanical power .. Rs 18/-/-
- (b) Motor Bicycles or Tricycles used for drawing a tractor or a side car, in addition to the rates shown above Rs. 3/- extra.
- II. Motor Vehicles adapted or used for invalids .. Rs. 5/-/-
- III(a) Motor vehicles excepting those shown in Item I and II above constructed and used solely for the conveyance of persons and light personal luggage will be charged according to the total number of seats authorised including that of the driver .. Rs.12/- per seat.
- (b) Trailers drawn by the vehicles having an authorised seating accommodation of 6 persons including driver for each trailer Rs. 12/-/-
- (c) Trailers drawn by vehicles with the authorised seating accommodation of more than 6 persons including the driver:—
- (i) Trailers to carry load not exceeding one ton Rs. 40/-/-
- (ii) Trailers to carry load exceeding one ton Rs. 60/-/-
- IV. Pick Ups. Rs. 84/-
- B. If the above motor vehicles are fitted with resilient or non-resilient tyres, extra tax will be levied at 50% of the above rate.

NOTE:—Private Motor vehicles registered out of Rajasthan brought temporarily into use or kept for use in the Rajasthan State for a period not exceeding thirty days shall be exempted from payment of tax.

Explanation:—"Pneumatic tyre" means a tyre containing air inserted by mechanical pressure. "Resilient tyre" means tyre, not being a pneumatic tyre, made of India rubber and of such thickness as to protrude not less than three quarters of an inch beyond the rim of the wheel. "Non-resilient tyre" means a tyre which is neither a pneumatic tyre nor a resilient tyre.

APPENDIX 18-3

Schedule II

Part I

Rate of tax

(Vehicles fitted with pneumatic tyres)

Transport Vehicles.

- A. Motor vehicles plying for hire for the conveyance of passengers and light personal luggage of passengers:—
- I. Motor Tricycles, Motor Rickshas, combinations etc. and Motor Cabs. Rs. 30/- per seat per annum.
 - II Other Motor vehicles plying for hire on fixed routes for the conveyance of passengers and personal luggage to be taxed according to the seating capacity. Rs. 25/- per seat per annum.
 - III Motor vehicles intended for conveyance of passengers and luggage in special or temporary circumstances and for a limited period will be permitted to ply on payment of daily fees. Similarly, such vehicles registered outside the State in special or temporary circumstances and for a limited period will be allowed to ply on payment of daily fees. Such tax will be for a calendar day beginning and ending at mid-night. No tax will be payable for days of halt on which the vehicles will not ply on any road Rs.10/- per day.
- B. Goods Vehicles plying under Public Carrier's permit
- IV A delivery van plying —
 1. Within Municipal and cantonment limits .. Rs. 200/- per annum.
 2. Within a radius of 40 miles Rs. 400/- per annum.
 - V. Goods Vehicles—
 - (a) For a general permit to use all roads in Rajasthan—
 - (i) Load carrying capacity up to 2 tons .. Rs. 1,250/-
 - (ii) Load carrying capacity more than 2 tons up to 5 tons Rs. 1,500/-
 - (iii) Load carrying capacity above 5 tons .. Rs. 2,000/-
 - (b) To ply within the limits of any region—
 - (i) Load carrying capacity up to 2 tons .. Rs. 750/-

- (ii) Load carrying capacity more than 2 tons up to 5 tons Rs. 1,000/-
- (iii) Load carrying capacity above 5 tons Rs. 1,250/-

VI. To ply on a fix route in any one region— ..

- (i) Load carrying capacity up to 2 tons Rs. 400/-
- (ii) Load carrying capacity more than 2 tons Rs. 600/-
- (iii) Load carrying capacity above 5 tons Rs. 750/-

VII. Goods vehicles nominated on a certain fixed route wishing to ply on other routes temporarily may be allowed to do so in special circumstances on a special daily permit on payment of a daily tax. Such tax will be for a calendar day beginning and ending at mid-night, no refund will be allowed in respect of the tax which may have been paid under article VI above :—

- (i) a light vehicle Rs.10/-per day.
- (ii) a heavy vehicle Rs.15/-per day.

*Explanation:—*For the purpose of articles V and VI and this Article, a combination of a tractor and its first trailer used as a public carrier shall be regarded as a single goods vehicle and taxed at the rate given in Article V, Article VI or this Article (as the case may be), the tax being calculated on the basis of the load carrying capacity (or, for the purposes of this Article, on the basis of the registered laden weight or registered axle weight in order to determine whether it is a light vehicle or a heavy vehicle).

VIII. Every trailer attached to or drawn by a Motor vehicle which is taxable under this Schedule shall, except as is otherwise provided in the explanations to Article VII, be regarded as separate vehicle liable to the tax as under:—

- (i) Trailers to carry load not exceeding 1 ton Rs.70/-per annum.
- (ii) Trailers to carry load exceeding 1 ton Rs.132/-per annum.
- (iii) In case of daily permits—
 - (a) Trailers to carry load not exceeding 1 ton Rs.3/-per day.
 - (b) Trailers to carry load exceeding 1 ton Rs.5/- per day.

PART II

If the above motor vehicles are fitted with resilient or non-resilient tyres, extra tax will be levied at 50% of the above rate.

APPENDIX 18.4

Schedule III

Rate of tax.

1. Goods vehicle registered outside the State using roads in the Rajasthan for importing goods into the State or for exporting goods for the State.

Such vehicles will be allowed to ply under a daily temporary permit on payment of a daily tax of Rs. 10/- for a light vehicle and Rs.15/- for a heavy vehicle.

2. Such goods vehicles will not be allowed to carry goods between any two places in the State.
3. This tax will be for a calendar day beginning and ending at mid-night.
4. The trailers drawn by such vehicles, if any, will be charged for separately as under:—

- | | | |
|--|----|-----------------|
| (i) Trailer to carry load up to 1 ton | .. | Rs.3/- per day. |
| (ii) Trailer to carry load exceeding 1 ton | .. | Rs.5/- per day. |

No tax will be charged if the vehicles do not carry any load on hire. No tax will be charged for days of halt on which the vehicles will not ply on any road.

5. If the vehicles are fitted with resilient or non-resilient tyres an additional tax will be levied at 50% of the rates shown above.
-

APPENDIX 18-5

Part-I

Rate of tax.

Vehicles used for the carriage of goods in connection with a trade or business carried on by the owner of the vehicle under a Private Carriers Permit.

1. (a) If fitted with pneumatic tyres and for a general permit in Rajasthan:—

(i) Load carrying capacity up to 2 tons	..	Rs.1,000/-
(ii) Load carrying capacity more than 2 tons up to 5 tons	.. .. .	Rs.1,334/-
(iii) Load carrying capacity above 5 tons	..	Rs.1,632/-

- (b) To ply within the limits of any one region:—

(i) Load carrying capacity up to 2 tons	..	Rs. 532/-
(ii) Load carrying capacity more than 2 tons up to 5 tons.	.. .. .	Rs.800/-
(iii) Load carrying capacity above 5 tons.	..	Rs.1,000/-

- II. If fitted with resilient or non-resilient tyres an extra tax equal to 50% of the above rates will be charged.

Part II

Dealers in or manufacturers of Motor Vehicles.

For a general licence—

- | | | | |
|--|---------|----------|------------|
| (i) In respect of any seven or less number of Motor Vehicles.. | .. .. . | Rs.300/- | |
| | | | per annum. |
| (ii) In respect of any additional 7 or less number of motor vehicles | .. .. . | Rs.300/- | „ |

Comparative statement showing the rates of Taxes Levied

States	Tax on Motor Cycles.	Tax on Motor Cycle combinations for private use.	Tax on Motor cars (Private calculated for a 4 seater car assuming its unladen weight to be between 2000 to 2500 lbs.)
1	2	3	4
M. V. Taxation Enquiry Committee	Rs. 18/-	24/-	60/-
Rajasthan.	Rs. 18/- Rs. 3/- extra for side car	18/- Plus 3/- for side car.	48/-
Assam	Rs. 10/- for unladen wt. below 90 lbs. Rs. 20/- for unladen wt. above 200 lbs. Rs. 15/- each average plus Rs. 6/- extra for a side car, or a trailer.	25/- 25/-	50/- 50/-
Bihar.	15/- for unladen wt. below 200 lbs. 20/- for unladen wt. above 200 lbs. i.e. 17/8/- average plus Rs. 5/- for side car or trailer.	25/-	50/-
Bombay.	24/- for unladen wt. below 200 lbs. 32/- for unladen wt. above 200 lbs. plus Rs. 5/- for a side car.	32/-	90/-
Madhya Pradesh.	..	..	100/-
Punjab.	15/- for unladen wt. below 200 lbs. 30/- for unladen wt. above 200 lbs. i.e. 22/8/- average plus Rs. 10/- for a side car or trailer.	40/-	80/-
Uttar Pradesh.	9/- for unladen wt. below 200 lbs. 18/- for unladen wt. above 200 lbs. i.e. 13/8/- each average, plus Rs. 3/- extra for side car or trailer.	21/-	45/-

on Motor Vehicles in different States.

Tax on Private Carriers (calculated for vehicles whose laden weight is 16000 lbs. or carrying capacity is 3 tons or un- laden weight is 9280 lbs.)		Tax on public Car- riers (calculated for vehicles whose laden weight is 16000 lbs. or carrying capacity is 3 tons or unladen weight is 9280 lbs.)		State Carria- ges (Tax calcu- lated for a 30 seater)	Motor Cabs (Tax calculated on an average for 4 seater vehicle)	Remarks.
5		6		7	8	9
Tax	Basis	Tax	Basis			
900/-	Laden wt.	900/-	Laden wt.	2,280/-	400/-	
800/-	Assuming a private car- rier to hold a permit for one region only and with a carry- ing capacity of 3 tons.	1,000/- for a region 1,500/- for whole State	Carrying capacity	750/-	120/-	
1,332/- 310/-	For whole State Carrying capa- city.	240/-	Carrying capacity	375/-	80/-	
500/-	Unladen wt.	..	..	890/-	130/-	
980/-	Unladen wt.	980/-	Laden wt.	1,072/-	240/-	
750/-	Laden wt.	750/-	Laden wt.	830/-	..	
400/-	Unladen wt.	..	..	1,110/-	80/-	
250/-	Unladen wt.	407/8/-	Unladen wt.	298/-	75/-	

Comparative statement showing the rates of Taxes Levied

States	Tax on Motor Cycles.	Tax on Motor Cycle combinations for private use.	Tax on Motor cars (Private calculated for a 4 seater car assuming its unladen weight to be between 2000 to 2500 lbs.)	
1	2	3	4	
Madhya Bharat	18/- for unladen wt. below 200 lbs. 24/- for unladen wt. above 200 lbs. i.e. 21/- each average plus Rs. 3/- extra for a side car or a trailer.	24/-	40/-	Seating Capacity
Pepsu	15/- up to 3 horse power, 30/- above 3 and up to 5 horse power i.e. 22/8/- each average.	..	80/-	Seating Capacity
Saurashtra	18/- for unladen wt. below 200 lbs. 24/- for unladen wt. above 200 lbs. i.e. 21/- average, plus Rs. 3/- for a side car.	24/-	60/-	Unladen wt.
Travencore Cochin	36/- for below 3½ horse power, 48/- for above 3½ horse power or with a side car i.e. Rs. 42/- each average.	48/-	120/-	Unladen wt.
Delhi	15/- for unladen wt. below 200 lbs. 30/- for unladen wt. above 200 lbs. i. e. 22/8/- each average, plus 10/- for a side car or trailer.	40/-	70/-	Seating Capacity.
Madras	9/- plus 3/- extra for a side car or trailer.	12/-	30/-	Unladen wt.

on Motor Vehicles in different States.

Tax on Private Carriers (calculated for vehicles whose laden weight is 16000 lbs. or carrying capacity is 3 tons or unladen weight is 9280 lbs.)		Tax on public Carriers (calculated for vehicles whose laden weight is 16000 lbs. or carrying capacity is 3 tons or unladen weight is 9280 lbs.)		State Carriages (Tax calculated for a 30 seater)	Motor Cabs (Tax calculated on an average for 4 seater vehicle)	Remarks.
5		6		7	8	9
Tax	Basis	Tax	Basis			
1,500/-	Laden wt.	1,600/-	for a region	600/- assuming the average length of a route covered by a bus in one single trip to be 50 miles per day.		120/-
		2,400/-	Laden wt. for the whole State.			
200/-	Carrying capacity.	200/-	Carrying capacity.	180/-		80/-
520/-	Laden wt.	520/-	Laden wt.	536/-		120/-
1,440/-	Laden wt.	1,440/-	Laden wt.	3,600/-		300/-
400/-	Unladen wt.	400/-	Unladen wt.	590/-		70/-
1,440/-	Laden wt.	1,440/-	Laden wt.	2,760/- for 300/- plying exclusively in the city of Madras and in some other Municipalities. 3,600/- for plying exclusively outside the city of Madras and some other Municipalities.		

CHAPTER 19

STATE ELECTRICITY UNDERTAKINGS.

Position in 1950.

19—1. Before the First Plan was put into operation, the generation and use of electricity in Rajasthan was extremely limited so much so that the *per capita* generation was only 2.93 k.w. and *per capita* consumption only 2.16 k.w., against the all-India average of 14 k.w. per year.

19—2. There were 16 State-owned power stations. Bikaner, Jaipur, Jodhpur, Kota and Sri Ganganagar had fairly big installations and Dholpur, Dungarpur, Karauli, Tonk, Jaisalmer, Jhalawar, Kishangarh, Nawai, Shahpura, Alwar and Bharatpur had small sized plants. Besides, there were 15 small power stations at Bundi, Banswara, Bhawanimandi, Hanumangarh, Ladnu, Nawalgarh, Pali, Phalodi, Partabgarh, Rajgarh, Sirohi, Sikar, Sambhar, Suratgarh and Udaipur. Total electricity generated was 57.716 million k.w. (74.01% through steam and 25.99% through diesel oil units) out of which 42.24 million k.w. was sold to ultimate consumers.

Development Schemes.

19—3. The First and Second Five Year Plans provided for power development under the following heads:—

<i>Name of Scheme.</i>	<i>Allotment.</i>	
	<i>1st Plan.</i>	<i>2nd Plan.</i>
	(Rupees in lakhs).	
1. Bhakra Hydro Electric Project.	591.13	595.00
2. Chambal Hydro Electric Project (including Gandhi Sagar and Rana Pratap Sagar).	—	903.00
3. Rural Electrification.	75.50	80.00

<i>Name of Scheme.</i>	<i>Allotment.</i>	
	<i>1st Plan.</i>	<i>2nd Plan.</i>
	<i>(Rupees in lakhs).</i>	
4. Renovation, improvement and expansion of Thermal Power Stations.	291.60	322.00
5. Power developments in Ajmer.	—	99.51

19—4. *Bhakra Hydro Electric Project.*—This is a common work for Rajasthan and Punjab in which Rajasthan's share will be 15.22% of the firm generating capacity. For the distribution of this power, 672 miles of new transmission lines have to be laid and 21 grid sub-stations have to be erected in the State. It is expected that the initial supply of power will be received in August/September, 1958. The total cost of the project—on Rajasthan share of common works and the distribution system—is estimated at over Rs. 13 crores.

19—5. *Chambal Hydro Electric Project.*—This project is intended to serve Rajasthan and Madhya Bharat (now Madhya Pradesh). 50% of the power generated is allotted to Rajasthan. The construction of Gandhi Sagar where the energy is to be initially generated is incomplete. It is expected to be ready for operation in 1959-60, while a second station (Rana Pratap Sagar Power Station) will be completed in 1961-62.

For the distribution of power in the State, schemes amounting to Rs. 610 lakhs have been prepared. Specifications for the transmission lines have been finalised and tenders have been called for and sub-station sites have been tentatively fixed. One Construction Division, out of three Divisions that may be eventually required, has been sanctioned.

19—6. Further details regarding the Bhakra & Nangal Projects are given in Chapter 28.

19—7. *Rural Electrification.*—The scheme for rural electrification included supply of current to small and medium sized towns, suburbs of large towns, refugee rehabilitation colonies etc. Since the scheme was sanctioned in 1955-56 no substantial progress has been made.

During the year 1956-57, it was expected that partial supply of the plants and equipment for which orders had been placed will be received and payments made to the extent of 90%. Some of the

works were in progress. During the year 1957-58, it is expected that the diesel generating sets at Nagore, Bilara, Chittore and Taranagar will be commissioned and works at other places will be in progress.

19—8. *Thermal Power Stations.*—Pending supply of power from Bhakra and Chambal sources, the immediate question was to make the best use of the Thermal Power Houses inherited by Rajasthan Government from some of the covenantee States. These Power Houses were equipped with plants (diesel and steam) of different types and voltages and varying degrees of derated capacity. The Power House at Bikaner, which was in service in 1904, was among the oldest in India.

The renovation and reconditioning of these plants and the installation of a certain amount of additional generation and transmission equipment to supply increasing demands for power received priority of consideration. A few power houses previously run by private agency were also acquired, raising the number of State owned concerns to 21.

19—9. For this programme, which was prepared in two parts, the financial allotment was Rs. 291.60 lakhs, of which about Rs. 98.31 lakhs was spent during the Plan period. The improvements carried out in several State owned power stations are indicated in Appendix I. It will be seen that the construction work is incomplete in many cases. Nevertheless, as a result of the work so far carried out on the State owned Thermal Stations, their firm generating capacity has increased from 15,000 k.w. to 41,000 k.w. and the consumption of energy from 412.19 lakh k.w. to 461.04 lakh k.w. during the period 1951-52 to 1955-56. The number of consumers which was 35,400 in 1950 rose to 54,800 in 1956.

19—10. *Operation and Maintenance.*—There has been a slight decrease in working expenses since 1953-54, but these expenses in almost all the stations exceed the gross revenue. Taking depreciation and interest on capital at charge also into consideration, the total loss in 1955-56 was Rs. 22.86 lakhs (*vide* Appendix 19—2).

The plant and equipment being old, stand in need of constant attention and vigilance. The operation staff is excessive in some stations. Coal consumption (except in Jaipur) is high in the major power stations, viz. Jodhpur, Bikaner and Kota.

19—11. *Tariff Structure.*—The present tariff structure for supply of power is the continuation of the tariff structures of the old

covenanting States. That they are uneconomical and are becoming more so with recent increases in the prices of coal and diesel oil is evident (*vide* Appendix 2). But no serious attempt has been made to revise the tariff so as to reduce the losses. In addition to the general tariff, a concessional 2 anna tariff for industries consuming more than 20,000 units per month has been brought into effect from July, 1953. This has added to the losses. But the agreements for this concession supply contain a "coal clause" which permits an extra charge in the event of coal price at the power house yard rising beyond the basic price of Rs. 32 per ton. The current price of coal being over Rs. 40 per ton on the average at Power House the coal clause is being implemented, and it is understood that the State Electricity Board will take steps to rationalise the general tariff.

It is expected that at the end of the Second Five Year Plan period, hydel power of 31,000 k.w. will be available from Bhakra and Chambal sources. It is suggested that, to the extent possible, hydel and thermal power should be pooled and supplied to consumers according to a common tariff of rates throughout the State.

19—12. *Collection of revenue.*—At the same time there seems to be considerable slackness in the collection of revenue. Bills for supply of power to Municipalities, former Princes, Government departments and others remain unpaid for years.

19—13. *Purchase of stores and supplies.*—Since October, 1955 oil and lubricants are purchased through the D.G., S.D., Delhi at rate contracts.

Arrangements for supply of coal to the power houses (excepting the Bikaner Power House which gets the bulk of its requirements from the Government collieries at Palana) are said to have proved unsatisfactory and *ad hoc* purchases of coal are being made. About one lakh of tons of coal is purchased every year. The best possible arrangements should be made to check the quantity and test the quality of coal as consignments are received. The certificates of the officers entrusted with this duty should be recorded on supplier's bills before they are passed for payment. There seems to be an undue accumulation of stores and spare parts, serviceable and unserviceable, at the Jaipur Power House.

The new Electricity Authority.

19—14. The Government have just appointed a statutory body under the Electricity Supply Act for promoting the co-ordinated

development of the generation, supply and distribution of electricity. It is an autonomous body and inherits the assets and liabilities of all State undertakings. There are several important questions of development as well as of operation awaiting to be tackled by the new Authority. Of these, perhaps the most urgent is the completion of schemes for the rehabilitation and expansion of Thermal Power Houses and the overhauling of their operation and business methods.



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APPENDIX 19-1

Development of Thermal Power Stations

(a) *New plant completed.*

(i) Kishangarh	2 × 100 Kw	Installation constructed in May, 1957.
(ii) Bhilwara	1 × 100 Kw. 2 × 200 Kw.	Installation in 1954 Installation in May, 1957.

(b) *New plant in advance stage of progress in Installation.*

(i) Alwar	1 × 300 Kw.	Installation under progress.
(ii) Newai	1 × 250 Kw.	Building work under progress—set received at site without Generating panel.
	1 × 100 Kw. 1 × 50 Kw.	} Engines received without alternators and switch board.
(iii) Shahpura	1 × 100 Kw.	
(iv) Deeg	2 × 60 Kw.	Engine received without alternator and switch board.
(v) Sagwara	2 × 30 Kw.	Engines received, alternator and panels not received.
(vi) Jaisalmer	1 × 60 Kw.	Engine received, alternator not received.
(vii) Hindaun and Karauli	2 × 125 Kw.	Engine and alternator received and panel not received.
(viii) Jhalawar	2 × 100 Kw.	Engine and alternator received and panel not received.
(ix) Bharatpur	1 × 150 Kw. 1 × 250 Kw.	Engines received, alternators not received.

APPENDIX 19.2

S. No.	Name of Station.	Cost per unit sold as per technical and financial data from units and months.	Present tariff		Units sold during 1955-56	Gain or Loss.
			Light	Power		
1	2	3	4	5	6	7
1.	Alwar.	5.66 annas	-8/-	From -2/6 to	7,77,746	-1,11,036
2.	Bharatpur.	4.25 "	-8/-	From -2/- to	8,97,713	-447,80
3.	Bikaner.	5.74 "	-6/-		99,82,469	-4,45,009
4.	Dholpur.	5.25 "	-7/-		7,56,000	-29,882
5.	Dungarpur.	3.70 "	-3/-		3,97,662	-8,310
6.	Sriganganagar.	5.20 "	-6/-		20,00,000	-2,32,665
7.	Jhalawar.	7.71 "	-8/-	From -3/- to	2,29,762	-67,430
8.	Jodhpur.	5.18 "	-6/-	From -2/3 to	89,95,496	-6,03,457
9.	Karauli.	8.20 "	-8/-		1,11,955	-27,245
10.	Kishangarh.	15.75 "	-8/-		71,952	-65,523
11.	Kotah.	4.70 "	-6/6	From -3/- to	26,58,662	-2,745
12.	Newai.	14.40 "	-8/-		77,790	-41,962
13.	Shahpura.	26.30 "	-8/-		32,255	-26,483
14.	Tonk.	8.20 "	-8/-		3,04,271	-69,897
15.	Jaipur.	5.25 "	-6/-		1,86,46,335	-3,02,895
16.	Bhilwara.	..	-8/-		99,294	-34,772
17.	Deeg.	..	-8/-		..	-32,994
18.	Jaisalmer.	..	-9/-		64,876	-43,856
19.	Sagwara.	..	-8/-		..	-17,921
20.	Sikar.	..	-9/-		4,090	-43,242
21.	Hindaun.	..	..	..	..	-30,508
						-22,85,772

Source—Electrical and Mechanical Department, Rajasthan, Jaipur.

CHAPTER 20

MINERAL RESOURCES.

20—1. Rajasthan contains a variety of mineral wealth but in the absence of regular geological or mineral surveys and a proper technical organization, the attempts to exploit these resources remained sporadic until recent years. The exigencies of the Second World War caused the British authorities to direct their attention to the occurrence of rare minerals such as zinc, lead and tungsten in parts of Rajasthan. After Independence a national policy for mineral development was enunciated by the Central Government and the Mines and Minerals (Regulation and Development) Act, 1948 and the Mineral Concession Rules, 1949 were extended to the State of Rajasthan. These measures quickened the tempo of mineral activities in the State in several directions.

Firstly, investigations in connection with certain important minerals, e.g. zinc, lead, copper etc. were taken over by the Central Government agencies, viz. the Geological Survey of India and the Indian Bureau of Mines, in association with the concerned National Laboratories.

Secondly, a fully staffed Directorate of Mines and Geology was set up by the State Government, and

Thirdly, private enterprise in the field of mineral prospecting and exploitation received a marked impetus. The number of Certificates of approval granted by the Department rose from 269 in 1950-51 to 615 in 1956-57. During the same period the number of valid prospecting licenses increased from 47 to 326 and the number of mining leases from 50 to 296.

Mineral activities were fitful in some years but, speaking generally, they have maintained an upward trend.

Receipts.

20—2. The State obtains a substantial amount of revenue from minerals as shown below:—

<i>Year.</i>	<i>Receipts.</i> <i>(Rupees)</i>
1951-52	48,01,746

<i>Year</i>	<i>Receipts (Rupees).</i>
1952-53	42,73,602
1953-54	39,14,800
1954-55	34,32,338
1955-56	53,78,058
1956-57	49,82,966 (as given by the Department).
Total	<u>Rs. 2,67,83,510</u>

20—3. The receipts have varied from Rs. 34 lakhs to nearly Rs. 54 lakhs during the past few years depending on the demand for the various minerals. The largest item of revenue is building stone, including limestone for lime making which amounted to Rs. 23 lakhs or 43.51% of the total revenue. Other important items are mica (about Rs. 7 lakhs), gypsum (Rs. 4 2/3 lakhs), soap-stone, steatite and talc (Rs. 2 lakhs), lead, zinc and silver (Rs. 1 lakh).

Departmental Mining

20—4. The Palana Colliery at Palana and the soap-stone quarry at Bhankri are worked departmentally. Their output and financial results for 1956-57 are given below:—

<i>Particulars</i>	<i>Palana Colliery</i>	<i>Bhankri Stone Quarries.</i>
Output (tons).	23,918	7,448 (Approximate).
Gross Value of output in Rs.	4,82,258	1,80,442
Running expenses (Rs.)	4,00,265	1,07,653
Net revenue (Rs.)	81,993	72,789
Net revenue per ton of mineral or stone (Rs.)	3/7/-	9/12/-

Proposals for Increasing Revenue.

20—5. For increasing the income from mineral resources the following proposals have been outlined by the Director:—

- (a) Increase in the present rates of royalty.
- (b) Restriction of minimum area to be granted on prospecting licences and mining leases.
- (c) Construction of approach roads to mines and quarries.

(a) *Rates of royalty.*—The covenanting States were in most cases charging royalty between 10% to 15% on the sale value of minerals at pits mouth. On the introduction of the Mineral Concession Rules, 1949, the rate of royalty was brought down to 5% of the sale value at pits mouth. This led to a considerable loss of revenue to the State Government. The Mineral Concession Rules further provided that the rates of royalty could be revised only in 1955 and thereafter once in 10 years.

On representations made by the Government of Rajasthan and the Government of other States whose revenue was affected by these restrictions, the Government of India revised the rules and fixed the rates of royalty on some of the minerals at rates approximating to the rates prevailing in former covenanting States. At the same time they have provided that the rates of royalty might be revised every two years, instead of once in 10 years, as prescribed in the original Mineral Concession Rules of 1949, but the revised rates should not exceed 20% of the existing rates.

By the Mines and Minerals (Regulation and Development) Act, 1957 recently passed by the Central Legislature, the rates of royalty have been revised and it is provided that the rate of royalty in respect of any mineral shall not be enhanced more than once in four years.

(b) It has been the policy of Rajasthan Government not to allot an area less than 80 acres for mining leases. The minimum area for prospecting licences is 320 acres. These restrictions have been imposed in the interests of State revenue.

(c) *Construction of approach roads to mines and quarries.*—The absence of good motorable roads makes it difficult for the mines and quarries to be worked on an economic basis, particularly in the case of mining lessees who have to bear the cost of beneficiation in addition to other working expenses.

Under the Second Five Year Plan some road construction proposals are included. These proposals should be implemented as early as possible.

20—6. *Long term Schemes of Development.*—The following are the long term schemes of development in the State sector of the Second Five Year Plan:—

Rs. in lakhs.

- | | |
|--|--------|
| (i) Opencast mining of lignite and establishment of a briquetting plant. | 200.00 |
|--|--------|

	<i>Rs. in lakhs.</i>
(ii) Establishment of a mica grinding plant	10.45
(iii) Establishment of Fuller's Earth activation plant at Sri Kolayatji.	5.00
(iv) Purchase of prospecting equipment.	5.00
(v) Purchase of quarrying equipment.	14.25
(vi) Reorganisation and expansion of Department.	5.00
Total	<hr/> 239.70 <hr/>

20—7. The progress of these schemes is explained below:—

(i) The Plan scheme as prepared by the State Government is to be vetted by the Planning Commission and technical experts. The Government of Rajasthan has requested for the visit of the Chief Mining Engineer of the Government of India. An amount of Rs. 25,000 has been allocated for the year 1957-58.

(ii) No provision has so far been sanctioned for this scheme. The matter is still under the consideration of the Planning Commission and Ministry of Heavy Industry. A sample of the waste mica collected from Bhilwara area was also sent to U.S.A. for grinding tests and the firm of Consultants has reported it to be very suitable for grinding purposes by wet process.

(iii) As regards establishment of fuller's earth activation plant at Sri Kolayatji, the Regional Laboratory, Hyderabad is carrying out pilot plant tests on the samples sent from Bikaner (Mudh) area for activation purposes. The work has been taken in hand and an amount of Rs. 21,000 has also been sent to the laboratory authorities to meet the cost of experiments and other materials required for the test. The final report about the experiments and tests on the activation would be made available to the State Government after the expiry of six months.

(iv) No amount was provided in the year 1956-57 and also for the year 1957-58 in view of the shortage of foreign exchange required for the purchase of the equipment.

(v) There are a number of quarries and mines in the State which require mechanised mining as the mines or quarry

holders are unable to invest funds for this purpose due to their limited financial resources. The equipment and machinery proposed to be purchased under this scheme would be given on rent. No financial allotment has yet been made by the Government on account of foreign exchange problem.

(vi) Under this scheme the Government had originally sanctioned a sum of Rs. 60,000 and against the same two technical officers and ministerial staff etc. have been sanctioned. After the reorganisation of the States, the Government has allotted a sum of Rs. 45,000 under this scheme.

20—8. It will be seen that some of these schemes are still under technical investigation, while others are stalled on account of present shortage of foreign exchange. The only development scheme that has been partly implemented—by an inversion of priorities—is the sixth and last in the list, viz. Reorganisation and expansion of the Mines and Geology Department. It may take several years to investigate fully and implement the other Plan Schemes.

Central Plans

20—9. Development work sponsored by Central authorities in connection with lead and zinc has so far been encouraging as will be seen from the following accounts of its progress.***

“The only commercially workable deposits are in the Zawar mines near Udaipur in Rajasthan. These deposits are worked by Messrs Metal Corporation of India Ltd., who are separating the lead concentrate and the zinc concentrate from the mixed ore. The lead concentrate is being smelted to produce pig lead. The present production of lead in the country is about 2,400 tons per year.

Our present demand appears to be of the order of 10 to 12 thousand tons, but this is increasing at a rapid rate and it is estimated that as a result of increasing tempo of the development of the consuming industries, the demand by the end of Second Plan period may be of the order of twenty thousand tons per annum. There is wide gap between the production and demand for lead and, therefore, steps are already being taken by the existing producer to expand the mining and ore dressing facilities and it is expected that by the end of 1957, they would be operating their lead smelter at an yearly capacity of 6,000 tons of lead”.

***Extracts from an article in the Journal of Industry and Trade (March, 1957) issued by the Ministry of Commerce, Government of India.

Zinc Resources

20—10. "The known resources of zinc ore are rather limited as there is only one commercially exploitable deposit near Udaipur in Rajasthan. This is mixed ore containing lead and zinc and as stated above, it is being worked by the Metal Corporation of India Ltd., Calcutta. However, no zinc is being produced in the country at present and the zinc concentrates from Zawar mines are being exported. Recovered zinc is being reimported in the country. Our annual production of zinc concentrates containing about 50 to 54 per cent zinc is of the order of 6,800 tons. This Corporation is installing more equipment in the ore dressing plant, and it is expected that shortly they will be able to treat in their milling plant 500 tons of ore per day. Thus the production of zinc concentrates during the current year is expected to be 12,000 tons. In view of the increasing importance of zinc metal, a Committee of experts known as Zinc Committee was constituted to go into the question of establishment of a zinc smelter based on the supply of zinc ores from Zawar deposits. The Committee has reported that the country should have proved reserves of ores to mine continuously up to the extent of 1,000 tons per day for a reasonable number of years in order to be able to establish and feed the smelter of an economic size. Messrs Metal Corporation of India Ltd., are now implementing their programme to develop these mines so as to raise 1,000 tons of ore a day which will be sufficient to feed a zinc refinery of 10 to 12 thousand tons per annum. It is expected that this zinc refinery will come into operation by 1960-61 to coincide with the availability of electric power from Chambal Hydro Electric scheme. Even after the establishment of this refinery there would still remain a large gap between the demand and projected capacity. However, the establishment of further units of zinc refinery will depend upon proving of ore reserves in different hills of the Zawar Mines area and/or discovery of new workable deposits".

Copper

20—11. The prospects as regards copper are also hopeful. To quote again from the official journal already mentioned—

"The main problem facing this copper industry, therefore, is the proving of existing deposits and/or locating of new workable ones, so that, if sufficient reserves are available, Government might consider the setting up of a plant with a capacity of 10,000 tons per annum. From all available information, it appears that most promising site at present is Khetri deposits in Rajasthan."

Rates of Royalty

20—12. The statistics of mineral production in 1956-57 and the rates of royalty now recovered on the several minerals will be found in the table printed as Appendix A. Detailed information regarding royalties on lead, zinc, mica and gypsum is given below:—

LEAD.

<i>When the average sale value per ton of lead for the year ex-smelting of factory is</i>	<i>Royalty per ton of lead concentrated or dressed carrying 60 to 65 p. c. metallic lead shall be</i>
from Rs. 750/- to Rs. 999/-	Rs. 12/8/-
from Rs. 1000/- to Rs. 1199/-	Rs. 15/-/-
from Rs. 1200/- to Rs. 1499/-	Rs. 20/-/-

Zinc.

Five per cent. of the sale value at pits mouth of zinc ore concentrates but subject to the condition that should the company subsequently start the smelting of zinc ore this rate will be convertible to a equivalent charge per ton to be fixed in consultation with the Central Government.

Mica.

Crude Mica.	one rupee per maund.
Waste and scrap mica	12 nP. per maund.

6½% of the sale price of mica at the pits mouth, at the option of the lessor.

Gypsum.

Messrs. Bikaner Gypsum Ltd., Bikaner and Messrs. Sindhri Fertilizers and Chemicals Ltd., Jodhpur are the suppliers of gypsum to the Sindhri Fertilizers and Chemicals Ltd. The State Government derives royalty from these lessees at varying rates.

The amount of royalty received from these lessees for gypsum supplied to the Sindhri Fertilizers and Chemicals Ltd., in each of the past 5 years is given below:—

1952	Rs. 1,61,773/-
1953	Rs. 2,66,181/2/6
1954	Rs. 2,61,222/8/-
1955	Rs. 2,99,967/8/-
1956	Rs. 3,40,922/1/-

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rate of royalty under the new Act will be $12\frac{1}{2}\%$ of the at pits mouth subject to the minimum of Re. 1/- per ton.

0—13. It is presumed that the revenue from royalties on Mica and Gypsum will not be seriously affected by the changes made in the rates of royalty by the Mines and Minerals (Regulation and Development) Act, 1957. At $6\frac{1}{4}\%$ per cent. of the present sales value at the pits mouth the rate of royalty on crude mica might come to Rs. 1/14/- per ton.

Royalty at 12 nP. per ton may also be collected on waste and scrap mica.

The rates of royalty on Gypsum hitherto paid at different rates by the several licensees will have to be fitted into the new schedule so as to cause as little loss of revenue as possible to the State.

20—14. Speaking generally, there seems to be good prospects of mineral development in Rajasthan affording ground for the hope that the State revenue from this source will progressively increase in the years to come.

There is at present considerable scope for increasing the output of exportable minerals, such as, iron ore and manganese, for which there is a growing demand. Prospecting for these minerals should be intensified. The State Trading Corporation of India should be contacted for advice and assistance, particularly in the matter of construction of approach roads in the mining areas. It is understood that the Corporation has special funds at its disposal for the construction of such roads.

20—15. The total revenue from minerals during the years 1950-51 to 1956-57 and its analysis mineralwise is contained in Appendix B.

APPENDIX—A

Mineral Production Return, 1956-57.

Mineral (Major).	No. of Mining leases.	Output (Tons).	Value. (Rs.)	Rate of Royalty.		Total Royalty received (Rs.)	
				3	5		
1	2	3	4	5	6		
Asbestos	6	676	62,876/-	5 p.c. of the sale value at pits mouth.	7,821/-		
Barytes	1	330	4,950/-	5 p.c. of the sale value at pits mouth	635/-		
Calcite	2	1015	5,320/-	5 p.c. of the sale value at pits mouth	Nil		
Emerald	1	Lb. Tola. Masa	1,93,486/-	25 p.c. of the sale value.	46,357/-		
Glass Sand	8	22179	2,65,568/-	5 p.c. of the sale value at pits mouth	12,914/-		
Gypsum	4	848462	52,28,183/-	(i) Up to 10,000 tons 5 pies per Md. (2) Above 10,000 tons up to 17,500 tons 4 pies per Md. (3) Above 17,500 tons 3 pies per Md. (ii) Rs. -/12/- per ton. (iii) Rs. -/8/- per ton.	4,68,060/-		
Iron ore	8	121040	9,04,904/-	5 p.c. of the sale value at pits mouth subject to a minimum of Re. 1/- per ton.	1,33,367/-		
Kyanite	1	140	12,310/-	7½ p.c. of the sale value at pits mouth.			
Lead Zinc Silver Ore	1	95997	*			1,03,719/-	
(a) Run of mine Ore		3909	39,90,399/-				
(b) Lead concentrates		6880	40,86,452/-				
(c) Zinc concentrates		23918	4,82,258/-			4,82,258/-	
Lignite (Coal)	9	10339	4,93,436/-				
Manganese				The mineral is worked departmentally. High grade : (45 p.c. Mn. & Over) 7½ p.c. of the sale value at pits mouth subject to minimum of Rs. 1/8/- per ton.			32,701/-

APPENDIX—B

Statement showing Mineralwise Revenue and percentage it makes of the total Revenue derived from Minerals in Rajasthan during the years 1950-51 to 1956-57

S.No.	Name of Mineral	Revenue and Percentage it Makes			
		1950-51		1951-52	
		Total Revenue	Percentage	Total Revenue	Percentage
		Rs. 38,78,638/-		Rs. 47,43,306/-	
				Total Revenue	Total Revenue Percentage
				Rs. 44,14,099/-	
1.	Building stones (including lime-stone for lime making)	22,16,971/-	58.75	24,17,232/-	50.46
2.	Mica	9,78,405/-	25.00	11,66,946/-	24.37
3.	Lignite (Coal)	1,27,080/-	3.25	4,45,642/-	9.30
4.	Gypsum	1,25,651/-	3.25	60,460/-	1.26
5.	Marble	1,78,880/-	4.60	1,28,679/-	2.68
6.	Fuller's earth	99,860/-	2.57	98,449/-	2.07
7.	Soapstone	79,437/-	2.03	90,087/-	1.90
8.	Lead Zinc and Silver Ore	701/-	.01	71,780/-	1.49
9.	Emerald	5,200/-	.13	6,830/-	.14
10.	Beryl	809/-	.02	6,983/-	.14
11.	Manganese	4,611/-	0.11	19,569/-	.40
12.	Silica Sand (Glass Sand)	11,244/-	.28	8,014/-	.16
13.	Saltpetre	320/-	.008	11,029/-	.23
14.	Asbestos	206/-	.005	2,783/-	.05
15.	Selenite	235/-	.006	185/-	.003
16.	Bentonite	..	..	..	..
17.	Slate	..	..	2,088/-	.04
18.	Calcite	..	..	1,921/-	.04
19.	Felspar and Quartz	175/-	.004	547/-	.01
20.	Tungsten Ore	..	..	1,33,473/-	2.78
21.	Iron	800/-	..	..	..
22.	Kyanite	6,025/-	.17	59,939/-	1.25
23.	Other Minerals	42,028/-	1.85	10,687/-	1.23
24.	Miscellaneous	..	..	8,674/-	0.19
				96,441/-	2.46

S.No.	Name of Mineral.	REVENUE AND PERCENTAGE IT MAKES					
		1953-54		1954-55		1955-56	
		Total Revenue Rs.39,14,800/-	Percentage	Total Revenue Rs.36,38,312/-	Percentage	Total Revenue Rs.53,78,000/-	Total Revenue Percentage Rs.53,08,383/-
1.	Building stone (including lime-stone for lime making)	18,29,590/-	45.55	16,14,317/-	44.37	30,42,969/-	23,10,220/-
2.	Mica	6,98,729/-	17.50	4,56,640/-	12.55	6,51,764/-	7,14,686/-
3.	Lignite (Coal)	3,81,537/-	9.55	4,37,994/-	12.03	4,78,196/-	4,82,258/-
4.	Gypsum	2,86,404/-	7.20	3,42,998/-	9.42	3,96,699/-	4,68,080/-
5.	Marble	1,28,300/-	3.55	1,12,572/-	3.09	1,10,771/-	79,384/-
6.	Fuller's earth	80,103/-	2.00	57,490/-	1.58	1,17,253/-	1,62,478/-
7.	Soapstone	83,539/-	2.11	1,46,782/-	4.03	2,45,034/-	2,17,182/-
8.	Lead Zinc and Silver	48,447/-	1.24	38,923/-	1.07	1,46,392/-	1,03,719/-
9.	Emerald	31,015/-	0.80	7,038/-	0.19	17,404/-	46,357/-
10.	Beryl	30,897/-	0.80	35,417/-	0.97	7,680/-	6,658/-
11.	Manganese	28,588/-	0.75	3,337/-	0.09	18,792/-	32,701/-
12.	Silica Sand (Glass Sand)	24,248/-	0.60	49,160/-	1.35	17,391/-	12,914/-
13.	Saltpetre	16,264/-	0.40	620/-	0.01	6,145/-	36,763/-
14.	Asbestos	2,938/-	0.07	3,139/-	0.08	2,220/-	7,821/-
15.	Selenite	3,699/-	0.09	6,270/-	0.17	9,134/-	11,363/-
16.	Bentonite	294/-	0.007	..	..	..	..
17.	Slate	2,732/-	0.06	1,956/-	0.05	..	2,100/-
18.	Calcite	1,153/-	0.02	..	..	..	..
19.	Felspar and Quartz	400/-	0.01	215/-	0.005	..	..
20.	Tungsten	1,13,426/-	2.85	18,559/-	0.51	55,590/-	1,33,367/-
21.	Iron	4,345/-	0.10	1,832/-	0.05	..	635/-
22.	Barytes	..	..	4,029/-	0.11	898/-	1,04,105/-
23.	Other Minerals	11,571/-	0.30	2,99,113/-	8.22	53,868/-	3,73,857/-
24.	Miscellaneous	1,06,581/-	4.75	..	..	..	..

CHAPTER 21

OTHER NON-TAX REVENUES.

State owned Industrial and Commercial concerns.

21—1. Commercial accounts are maintained for a number of concerns, including—

Power Houses, Electricity Department.

Water Supply Schemes.

Mining Enterprises.

Ice and Aerated Water Factories.

Workshop Division, Electrical and Mechanical Department, Jaipur.

Cotton Ginning Factories.

Sodium Sulphate Works, Deedwana.

State Motor Services Tonk and Sirohi.

Sri Ganga Theatre, Bikaner.

The Power Houses and mining enterprises have been referred to in the respective chapters. Some of the other concerns e.g., the Ice and Aerated Water Factories, the Cotton Ginning Factories, the Tonk Motor Service and Sri Ganga Theatre have stopped working owing to losses or other reasons.

21—2. *Water Supply Schemes.*—The water supply schemes, being of the nature of public utility services, cannot be worked for profit. They are, however, running on a more or less self-financing basis. The Superintending Engineer has explained that "all the water works have been designed and their financial aspect has been worked out in a manner that the capital investment with interest at 4% will be returned in a period of 30 years. In order to achieve this the rate for the supply of water has been proposed to be adjusted according to the cost of production of the water".

This is undoubtedly sound policy which it is to be hoped will be consistently followed. There may be cases in which the cost of supply is so high that some kind of subsidy has to be given to the concerned Municipality or other local authority. Free supplies may

also have to be given to former Rulers under agreements of a political character. The cost of such concessions must be met from the appropriate budget source and should not be charged to the water supply schemes.

21—3. The outstandings of water supply charges on 31-3-1956 amounted to Rs. 1,13,34,974 as against Rs. 89,77,374 on 31-3-1955, showing an increase of more than Rs. 23½ lakhs. The major portion of the outstandings is against the Ex-Rulers and the Municipalities as noted below:—

Rs. 7,46,114/3/3	Ex-Rulers.
Rs. 87,88,294/8/-	Municipalities.
Rs. 14,95,924/14/7	Government Departments.
Rs. 3,04,641/6/-	Private Bodies.

The Superintending Engineer says "The Government of Rajasthan has taken decision that the princes of Bikaner and Jodhpur are not to be charged water tax for the period prior to April, 1956, while in the case of Jaipur the exemption has been given for the period prior to May, 1956.

As regards outstandings against Municipalities the Government has issued orders that they should start paying current charges forthwith and that arrears should be paid by the defaulting Municipalities in suitable instalments with interest."

If these decisions are enforced and the accounts are cleared of the arrears with which they are encumbered, the working of the water supply schemes could be properly appraised from year to year.

21—4. At Bikaner, Udaipur, Kota and Doongarpur, water charges are collected at flat rates. The proposal made by the Department for the introduction of water rates based on actual consumption should, we think, be accepted and implemented.

21—5. With regard to maintenance of water works, it is suggested that in all cases where such an arrangement is feasible the department should confine itself to the production and purification of water, leaving the distribution to the Municipality. This will mean bulk supply of water to the Municipality at a fixed rate covering working expenses and overheads, including interest on capital outlay, the water rates to individual consumers being fixed and collected by Municipalities.

21—6. Meanwhile, increased vigilance has to be exercised by the department itself to see that the reading of meters and issue of bills are prompt and correct, and that no leakage of revenue occurs.

21—7. *Ganganagar Sugar Factory*.—This factory may for all practical purposes be treated as a State owned concern. It was in a derelict condition when it was taken over by the Government of Rajasthan on lease from the Bikaner Industrial Corporation Ltd., in 1953. The lease expired on 30-6-1956. The Government acquired ordinary and preference shares of the face value of Rs. 14,23,000 from the managing agents and *ad hoc* payment of Rs. 5 lakhs was made on 30-6-1956 pending determination by the arbitrator of the final price to be paid for the above shares.

The working of the factory resulted in a profit of Rs. 1.39 lakhs in 1953-54, Rs. 6.04 lakhs in 1954-55 and Rs. 6.06 lakhs in 1955-56. The distillery has also proved a useful adjunct to the Sugar Factory.

Schemes for expanding the factory and raising its daily crushing capacity from 600 tons to 1,000 tons are under way. The extension works estimated to cost Rs. 20 lakhs are being carried out by the Company's engineers with such material and machinery as they could procure in the country. It is desirable to obtain the opinion of competent consulting engineers with regard to the extension project and its present methods of execution.

21—8. *Sodium Sulphate*.—A considerable amount of revenue is accruing to the State by the collection and sale of Sodium Sulphate from Deedwana Lake. As the deposits are getting exhausted, it has been proposed to establish a pilot plant for the manufacture of Sodium Sulphate by refrigeration methods. The scheme involves an expenditure of Rs. 4.75 lakhs which is provided in the Second Five Year Plan. This seems to be a promising industry which could be developed by the State Government with its own funds and technical personnel. The pilot plant scheme deserves high priority.

The right of the Rajasthan Government to utilise the bitterns for the manufacture of chemical products other than salt is unquestionable, as the following passage from "Sambhar Lake Salt Source" by S. C. Aggarwal, former Salt Commissioner to the Government of India will show:—

"(d) *Treaty Position*. —

It may be mentioned that under the Sambhar Lake Treaties, the British Government leased the right of manufacture and sale of 'Salt' from the Jaipur and Jodhpur Darbars. The term 'Salt'

referred to in these treaties is taken to mean only common salt. Thus any bye-products—Sodium Sulphate or Carbonate—are the property of the Jaipur and Jodhpur Darbars. The Government of India actually come in if salt is also educed in the process as it has to secure its interest in respect of common salt. When Dr. Dubey of the Banaras Hindu University wanted to manufacture bye-products, the two Darbars asserted their rights and said that they would like to give the manufacture of bye-products etc. to some big firms themselves. It was considered that if the manufacture of bye-products is undertaken by the Darbars, the Government of India would come to an arrangement with them recognising their right to sanction the manufacturing process on certain conditions, such as (1) supply of periodical information as to the out-turn of common salt, (2) an effective disposal of the common salt so produced in accordance with the directions issued from time to time by the Government of India, Salt Department authorities, and (3) the right of the Salt Department authorities to conduct such periodical inspections as they may consider necessary in order to satisfy themselves that their instructions and the Government of India's interest with regard to salt are safe".

Revenue from Salt.

21—9. Under the Federal Financial Integration Agreement the salt payments previously made to the States in Rajasthan, excepting Jaipur and Jodhpur were discontinued on the ground that the circumstances in which the salt treaties had been made no longer existed. The amount lost on this account comes to about Rs. 13 lakhs.

Clause 8 of the FFIA runs as follows:—

"(8) All Salt Compensation Agreements shall continue in force up to 31st March, 1950, the liabilities of the Government of India under these agreements shall terminate with effect from the date of federal financial integration with the exception of payments as per the schedule annexed hereto which are of a commercial character such as rent, whether payable in cash or kind, and royalties. The Government of Rajasthan will be at liberty in respect of such continuing payments to enter into separate negotiations with the Government of India for their modification in such manner and to such extent as may be mutually agreed upon; such modifications will be effected from 1st April, 1950."

21—10. The payments now received under the above clause fall under the following categories:—

1. Rent in cash for the lease of land.

2. Rent in kind.

3. Royalty on the production of salt.

(1) Rajasthan Government has been receiving annually a payment of Rs. 9,41,800/- by way of rent.

(2) The former State of Jodhpur was entitled to a supply of 2.76 lakh maunds of salt at -/8/- per maund under the 1879 Jodhpur Treaty. By oversight this figure was put down at 2,25,000 maunds in the schedule to FFIA. This error has been brought to the notice of the Government of India, and its rectification is awaited. The salt received by the State Government is sold by auction and yields a small profit.

(3) The Rajasthan Government is entitled to royalty at 20% of the price in respect of the salt sold from Sambhar Lake area in excess of 8.25 lakh maunds and at 40% of the price in excess of 9 lakh maunds of salt sold from Nawan Guda tracts.

The Government of India fix the sale price on which royalty to the State is calculated. The State Government has been contending that the cess of -/3/6 levied by the Central Government should be treated as part of the sale price and royalty should be paid thereon but this contention has not been accepted by the Government of India.

21—11. As stated already, clause 8 of the FFIA makes it possible for the State Government to negotiate for higher rates of rent and royalties.

21—12. One of the old treaty clauses kept alive after FFIA is article 11 of the Jodhpur Treaty, dated 18-1-1879 with regard to the lease of the Deedwana, Pachbhadra, Phalodi and Luni tract. The clause runs as follows:—

"Article 11.—Furthermore, the British Government agree that, in the event of the total money realizations from the sale of salt at leased works collectively exceeding in any year the total charges properly debitable against the same, one-half of the said excess shall be made over to His Highness the Maharaja. The accounts rendered by the several British Officers in charge of the said sources shall be conclusive evidence as to the amount of such excess."

No payments are received under this article, as it is reported that there is no surplus left after meeting the total working charges.

21—13. The manufacture of salt is one of the small scale industries for which Rajasthan offers special opportunities. There are salt bearing areas outside the scope of the operations of the Central Salt Department. Some suitable lands in such areas may be laid out in plots and made available for salt manufacture by private parties. In the light of the experience gained in the course of working the experiment, further steps to develop the industry either by private or by State Agency may be considered, as also the question of seeking any modification in the existing salt agreements with the Government of India.

21—14. *Forests.*—Details of forest revenue are given in the enclosed note on the Forest Department. There is scope for increasing forest revenue by rationalising grazing fees and seigniorage rates on fuel and charcoal. Proposals are said to have been made by the Department.

In some of the former princely States grazing of cows was free. There seems to be no need to continue this concession.

The privileges enjoyed by Scheduled Tribes should be reviewed and, if necessary, revised, having regard to the legitimate requirements of the tribal people on the one hand and the interest of forest conservancy and public revenue on the other.

While forest coupes are generally auctioned for working, exceptions seem to have been made and special concessions which had been given to some persons in the former regime were continued. It is hoped that no special concession at the cost of public revenue will be continued unless it is legally obligatory to do so.

21—15. *Mela Fees.*—The cattle fairs in Rajasthan State are very popular and traders and dealers in cattle from all parts of the country flock to them in large numbers. In 1956-57 no less than 86 cattle fairs were held in the State. They were organised in the majority of cases by Panchayats, Municipal Boards and District Boards, who derived a substantial amount of revenue by collecting Mela fees on the cattle brought to the Melas for exhibition and sale. The Veterinary Department organised such Melas at Bharatpur, Tilwara, Santhore, Merta, Nagaur and Parbatsar and collected Mela Fees amounting to a total of nearly Rs. 6 lakhs.

It should be possible for the Veterinary Department to organise cattle fairs in all important cattle breeding centres where, with its larger resources, it could manage the Melas more satisfactorily than the local bodies. This would not only help the development of local breeds of the cattle but also prove a source of substantial

revenue to the State. The present scale of fees is quite moderate and may be revised upwards.

21—16. Before the abolition of internal transit duties the State was deriving a substantial income (of the order of Rs. 15 lakhs) by levying duty on cattle exported from the State. It is not possible now to revive the export duty; while the imposition of Sales Tax is attended with administrative difficulties. It is by the collection of Mela fees at higher rates in a larger number of departmentally managed Melas that the revenue lost to the State by the abolition of export duties could be recouped to any substantial extent.

Note on Forests.

Area.—On the formation of Rajasthan an area of approximately 13,129 sq. miles came under the control of the Forest Department. The main forests lie in the Aravali ranges and adjoining hillocks; the types varying from dry deciduous mixed forests to scrub jungles. On the abolition of Jagirs, the Jagir forests are also being taken over by the Forest Department. The total area of forests under the control of the Department is about 15,000 sq. miles at present.

Condition of Forests.—It is said that owing to former neglect or over felling much of the area is denuded or degraded, and the forests require rehabilitation.

Demarcation and settlement of forests have had to be undertaken and carried out in a systematic manner. At present the progress under these heads is as follows:—

- (a) Forest area settled—7,074 sq. miles;
- (b) Forest area demarcated—10,029 sq. miles; and
- (c) New afforestation—6,789 acres.

Exploitation and Revenue.—Annual coupes are laid out for supply of firewood and charcoal. They are sold for a lump sum by auction or tender. The revenue from commercial timber is relatively small, being about Rs. 4½ lakhs.

Grazing of cattle.—Grazing of cattle is permitted on payment of schedule rates and a substantial amount of revenue (Rs. 9 to 10 lakhs) is derived in non-famine years. The anticipation of revenue under this head in 1957-58 is Rs. 24.65 lakhs. The grazing fees charged in different parts of the State vary within wide limits for no explicable reasons. It is not understood why the rates have not been rationalised till now. This seems to be an urgent matter.

The departmental receipts under all heads were:—

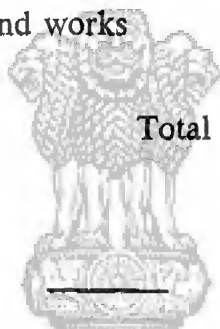
1951-52	Rs. 39,62,000/-
1956-57	Rs. 59,12,000/-

The general trend of revenue is one of increase.

The development schemes of the Department include rehabilitation of existing forests including those resumed from Jagirdars, Commercial and Industrial plantations and soil conservation work on an extended scale.

The gazetted establishment of the Department includes the Chief Conservator, 3 Conservators, 13 Divisional Forest Officers and several junior officers for preparation of working plans etc. The expenditure according to Budget Estimates 1957-58 is as under:—

General Direction	Rs. 3,03,000
Conservancy and works	Rs. 24,52,500
Establishment	Rs. 32,51,500
Total	<u>Rs. 60,07,000</u>



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CHAPTER 22

INCREASE OF REVENUE

Pattern and Incidence of State Taxes.

22—1. In the field of State taxation there is at the present stage no question of seeking new sources or untried methods. Not only in general content but in all important details, a uniform pattern of State taxation, within the frame work of the Constitution, has emerged in the country and the diversities which exist in the rates of taxation in different States are tending to disappear under the common urge to which all State Governments are now subject to, maximise their revenue by every practicable means and fulfil their part in the National Plan. Under such conditions the tax structure is bound to be determined by pragmatic rather than theoretical considerations. The remarks of the Prime Minister quoted below have a significance beyond their immediate context—

Speaking on the Finance Bill, 1957 in the Legislature the Prime Minister is reported to have said—

“In spite of our arguments and in spite of these Five Year Plans, most people did not quite realise what was going to happen, what it meant in the shape of burdens. Perhaps people are beginning to realise that now reality is coming. It is good that people should realise it because to be complacent about these matters is to delude oneself. An attempt is being made, in a sense for the first time, to strike out a new line of taxation. It is a desirable direction. It introduces the conception of the wealth tax and the expenditure tax.” On the problem relating to the burden on the common man, the Prime Minister observed, “so far as the excise duties are concerned, there is no principle involved, except of course, that first of all, we have to get money There is no way of avoiding the burden on the common man. In a poor country like India, if you wiped off the few rich people altogether and got everything they had, even then you would not have enough, you will have to go back to the common man for some support”.

22—2. State taxation is but one sector of the national scheme of taxation and cannot be viewed in isolation as regards the merits of its structure or the economic effects of its working. But even in this limited field, the endeavour should be not merely to raise a large amount of revenue but to ensure that, in doing so, no section of the community—urban or rural—is called upon to bear an undue share of the tax burden.

22—3. It is undesirable to increase tax rates steeply, or frequently or to the extreme limit to which they could be raised without apparent adverse effects. This is a consideration of special importance in the cumulative taxation on land, in the shape of assessment, surcharges, cesses and irrigation charges. Moreover, tax payers at all levels must feel that the money collected from them is being utilised prudently for purposes which they can appreciate as being worthwhile. The glamour of Planning should cease to be any excuse for extravagance.

Tax effort—Further possibilities.

22—4. It is against this background that the possibilities of further tax effort should be viewed. These possibilities are briefly recapitulated below:—

The one direct tax on persons levied in the State is the Agricultural Income Tax. The present indications are that it is unlikely to yield more than Rs. 5 lakhs per year. The income from this source is likely to go down and, therefore, its replacement by a progressive surcharge on land revenue is recommended.

Of the two other direct taxes within the State sphere, viz. the profession tax and the capitation tax, the former has been made over to local authorities while the latter is a tax which is not meant to be imposed in normal conditions.

Land Revenue Assessment.—The principles adopted in the latest settlements will have to be uniformly applied hereafter in all resettlement operations. The revised rates would be based on a reduction in the State's share of the value of gross produce, offset by an increase in commutation rates (Para 11—11). In the net result the level of land revenue realisations may remain unchanged, except for a trend increase due to new areas brought under cultivation.

Surcharge on Land Revenue.—A progressive surcharge that is intended to regulate the burden of land tax according

to the paying capacity of the assessee is recommended to replace the agricultural income-tax, as there seems little likelihood of a substantial increase of receipts from this source. (Para 12—9)

Cesses on Land Revenue.—These cesses are meant for the benefit of District Boards and Panchayats and their levy might help the State Government to reduce the subsidies paid to these local bodies. The proceeds of the cesses would also be available for the payment of remuneration to village officers. The total relief to the State budget would be of the order of Rs. 20 lakhs. (Chapter 13).

Urban Assessment or Ground rent.—The proposals under this head contained in paragraph 12—13 may yield a revenue of Rs. 2 lakhs.

Cesses on Commercial Crops.—While pointing out the administrative difficulty in assessing and collecting such cesses, it has been suggested that water rates on Zeera and Cotton grown under canals be raised by Re. 1 per acre. (Para 12—15) Rs. 4 lakhs.

Irrigation—Medium and Major Projects.—Levy of water rates on lands served by medium and small projects may produce eventually a revenue of Rs. 40 lakhs per year. But even with the most energetic efforts, which are as yet lacking, this target cannot be reached for a long time. The reasonable expectation of annual revenue for the next few year is Rs. 20 lakhs.

Betterment levies—No estimate of realisations is possible at present as betterment rates have nowhere been assessed till now. For some years after the levy of the rates, the annual receipts may come to Rs. 10 to 12 lakhs. These rates have to be written back to the Capital Account and cannot be regarded as items of recurring income (Para 15—16).

Multi-purpose Projects.—According to the present practice and the understanding with the Government of India, the realisations from water rates, betterment charges and from the sale of lands have to be credited to the Capital Account of the projects.

State Excise Duties.—The loss of revenue due to the discontinuance of the issue of opium for consumption after 1959 may be estimated at an average of . . . minus Rs. 75 lakhs

Stamps.—The rates of stamp duty have been recently increased yielding an additional revenue of Rs. 3 lakhs.

Should financial exigencies require, a surcharge not exceeding 25% on the present rates may be imposed on transactions of value exceeding Rs. 1000/-. Probable yield Municipalities may levy a tax on transfers of immovable properties in the shape of additional stamp duty. The receipts will not form a part of State revenue. (Para 18—9 and 18—11). Rs. 5 lakhs.

Taxes on Vehicles.—The present rates of taxation are sufficiently high. No change is recommended.

Tax on Passengers by Bus.—The net yield of this tax at 1½ pies per anna of bus fares on selected routes is estimated at (Para 18—22) Rs. 8 lakhs.

Sales Tax.—As a result of increased rates sanctioned and exemptions withdrawn during the current year and also owing to the merger of Ajmer, the additional realisations are expected to be of the order of Rs. 50 lakhs. With efficient administration the receipts should improve from year to year. Rs. 50 lakhs

By the conversion of the Sales tax on Mill made textiles, sugar and tobacco into an additional duty of Central Excise, the State is assured of a minimum income of Rs. 90 lakhs in respect of these 3 commodities. (Para 17—16).

It has been suggested that the introduction of the multi-point Sales Tax at low rates and with practically no exemptions should be considered and that necessary data should be collected from now. (Para 17—11).

Sales tax on Motor Spirits and Diesel Oil.—The proposal to increase the rate of tax to annas 6 per gallon of petrol and to annas 3 per gallon of diesel oil is calculated to produce an additional revenue of Rs. 10 lakhs.

(Para 17—17).

Entertainment Tax.—This tax has been recently imposed. The anticipated realisations are about Rs. 3 lakhs. (Para 18—19).

Duty on Electricity.—The Finance Commission's suggestion to levy this duty is not considered feasible at present. (Para 18—23).

Mela Fees.—The proposal is to organise a larger number of departmentally managed melas and to revise upwards the

present scale of mela fees which is likely to produce substantial revenue. (Para 21—15).

Forests.—Rationalisation of grazing fees and seigniorage rates of fuel and charcoal is recommended to increase State Revenue. (Para 21—14).

In the absence of relevant statistical data in all cases the yield of various measures of taxation cannot be properly estimated. The figures noted above against the several items can only be regarded as a rough indication of the receipts that may be reasonably expected.

Collection of Government Dues.

22—5. The State could secure the full benefit of its tax effort (and its potential non-tax resources) only by the efficient administration of fiscal laws and prompt collection of Government dues. The State Finance Minister drew attention to this matter in his budget speech to the State Legislative Assembly in May, 1957. He said, "the position of arrears has been examined and there is every likelihood of recovery of a substantial amount during the year, credit for which has been taken in the estimates. For the recovery a special drive will be organised and the administrative machinery will be tightened up. Government propose to tackle the problem firmly and to make a serious effort to realise the dues within the shortest possible time".

22—6. The Government have appointed a special staff to examine the state of collection and arrears under all heads and from the information obtained so far the outstandings are reported to be as follows:—

	<i>In lakhs of Rs.</i>
Land Revenue.	720
Excise and Taxation.	41
Mines and Geology.	32
Transport.	2
Irrigation.	10
Forest.	13
P.W.D.—Rent of Buildings.	13
Waterworks.	105
Electrical & Mechanical.—Electrical.	78
Workshop.	12
Industries.	16
	<hr/>
	1042
	<hr/>

(Amounts less than Rs. 50,000 are omitted and those above Rs. 50,000 rounded off to the nearest lakh).

22—7. Land revenue—although the nominal arrears of land revenue stand at a very high figure (Rs. 7.20 crores) it is understood that Rs. 3.42 crores out of this amount consists of a single item which is doubtful and apparently irrecoverable, brought forward from the old accounts. Some of the dues of Jagirdars are to be adjusted when their compensation amounts are settled. The balance for the recovery of which active steps have to be presently taken is reported to be about Rs. 150 lakhs.

22—8. Water and electricity dues of certain former Rulers have been waived for specified periods under political agreements which had been made with them. In some cases the arrears represent dues from other Government departments or from the Government of India and no difficulty is anticipated in realising them. In respect of the bulk of the arrears, however, coercive action has yet to be taken for their collection. So far the special staff has only helped to clarify the situation to some extent.

The Municipalities are the heaviest defaulters in respect of water and power charges. The Government have decided that their current dues should be recovered punctually and that the arrears might be collected in instalments spread over a period. It is hoped that this decision will be strictly carried out.

22—9. In the Forest Department the outstandings against contractors have increased by nearly 5 lakhs after the formation of Rajasthan (1950).

22—10. As stated in Chapter 15 the irrigation potential under the new projects is not being realised. The area actually irrigated in one district is about 11 per cent and in another it is 10% of the commanded area. In several cases the shortfall is due to the fact that the newly constructed bunds (e.g., Gudha built at a cost of Rs. 45 lakhs and Arwar at a cost of Rs. 34 lakhs) have breached preventing the storage of water. Development has also been arrested owing to non-allotment of lands and reluctance of land holders to change over to the cultivation of irrigated crops or to pay high water rates. The development of irrigation under the new projects requires active efforts. There is also reason to believe that failure to assess and book demands for water rates under irrigation projects has been the cause of large and continuing losses of revenue.

PART III—*Economy in Government expenditure.*

One of the terms of reference to this Committee is to indicate the scope for economy in Government expenditure. A special committee consisting of official members has recently been appointed by the Government to go into this question in detail with the following terms of reference:—

(i) To conduct a systematic review of non-Plan development expenditure, especially items contributing to increase in this class of expenditure, so as to suggest methods by which the expenditure could be curtailed, thereby reducing the revenue gap.

(ii) To review the nature, volume and the quality of work done and services rendered in all the major departments with a view to laying down an appropriate scale of manpower with reference to work load; and to suggest specific measures for affecting economies by cutting down non-essential items of expenditure on men, material and overheads.

(iii) To review the scheme of reorganisation of departments under consideration and to suggest proper co-ordination and re-adjustment of the staff as may enable the work to be carried out efficiently and economically.

In view of the setting up of the official committee just mentioned, we presume, we are required to address ourselves only to the broader aspects of economy, involving questions of principle or policy. We shall, however, refer to certain other matters which came to our notice and which, in our opinion, call for attention or further examination, in the interests of economy as well as efficiency.

It may not be out of place for us to bring to the notice of Government the existence of a feeling amongst certain sections of the general public, which we also share, that the Economy Committee should have at least one official member and one non-official member who can give their whole-time attention to this work. And considering the difficulties which we have experienced in obtaining full and correct factual information from Government Departments, we venture to suggest that the new Economy Committee should be provided with a team of experienced investigators. We are also of the view that the Economy Committee should be enabled to explore the scope for economy in the expenditure of development departments, and in the implementing of Plan Schemes.

The question of economy in Government expenditure may be considered in relation to (1) Organisation and cost of public services, (2) Construction works, (3) Purchase of Stores, and (4) Development Schemes.

CHAPTER 23.

Organisation and cost of public services.

23—1. From the details given in Chapter 3 it will be seen that Government establishments at all levels have naturally grown since the beginning of the First Five Year Plan. At the same time, owing to the upgrading of pay scales and enhancement of dearness allowances the cost per employee is steadily increasing, and will inevitably continue to increase, with the rising costs of living.

It is estimated that the total expenditure on salaries and allowances to Government servants in Rajasthan is about Rs. 15 crores, while pension charges amount to Rs. 53 lakhs. The two items alone account for nearly one half of the present revenue budget. They exceed the whole State revenue as it stood in 1951-52.

23—2. The following facts and figures relating to cost of establishments in Madras and former Andhra may be of interest in this context though they provide no basis for comparison with Rajasthan. The Administration Report of the State of Madras of 1955-56 records that "the sum of Rs. 1,376.04 lakhs paid in salaries (Rs. 1202.35 lakhs) and pensions (Rs. 174.60 lakhs) to Government servants represents 25.22 per cent. of the total State budget (Revenue account) of Rs. 54,55.81 lakhs for the year. The total amount to Gazetted officers during the year was Rs. 178.13 lakhs. This represents 3.26 per cent of the total State budget (Revenue account) for the year".

From the Administration Report of the Andhra State for 1954-55 which contains similar statistics it is gathered that the cost of establishments was as follows:—

All India State Services	Rs. 88.84 lakhs.
Subordinate Services	Rs. 423.00 lakhs.
Village Establishments	Rs. 102.85 lakhs.

making a total of Rs. 614 lakhs or about 25% of the total expenditure of the State on Revenue account.

23—3. With the level of prices tending to rise from year to year, the present scales of salaries cannot be said to be on the high

side. Any retrenchment in this direction seems impracticable. But the size of the establishments has to be constantly watched to ensure that they are kept down to the actual requirements of useful public work.

23—4. There is a tendency for temporary appointments to be continued indefinitely and become virtually permanent. It is necessary that a complete and up-to-date record should be kept of all temporary establishments and appointments, and that the need for their continuance should be rigorously examined, every time a renewal of sanction is sought. It is needless to say that even greater care should be exercised when fresh increases of establishment are asked for.

23—5. The Government may consider the advisability of critically reviewing the annual reports on the working of all departments, as is done in some of the States. The reports should provide material for judging whether *prima-facie* the general performance and special activities of the departments are up to reasonable expectations and commensurate with the expenditure they entail. It is understood that at present the departments send annual reports but they are not reviewed or made available to the public though they are summarised and published as a consolidated Administration Report for the State.

Class IV Government Servants.

23—6. The strength of establishments under this category was examined in 1952 and a revised scale of class IV Government Servants similar to that then prevailing in Madras, was brought into effect. For Gazetted officers depending on their status, the scale allows 1 to 3 Class IV servants. For offices the scale is:—

(i) One Peon for every six clerks or fraction of 6 for offices having a total strength up to 18.

(ii) For offices having a total strength of more than 18 and up to 35, one Peon for every seven men or fraction of 7 men and for offices having more than 35, one man for every 8 men and fraction of 8 men.

23—7. It is understood that the Government of India have decided to do away with the practice of providing chaprasis, daftris, jamadars etc. in offices and to introduce a messenger system of carrying messages and papers to different rooms in the same building. Meanwhile, further recruitment to this class has been stopped.

Similar action may be taken by the State Government in Rajasthan, where inspite of the reduced scale introduced in 1952, there is still a large number of peons in some office establishments.

Class IV Government servants given to officers for personal attendance may also be reduced to some extent.

23—8. The average cost per official of this class, including dearness allowance and pension charges, is Rs. 61.6 per month, as stated in Chapter 3.

Clerical and higher cadres.

23—9. The savings likely to result from a further reduction of Class IV servants will not, however, be very significant compared to savings likely to accrue from reductions in clerical and higher cadres, which have of late years grown to very large proportions owing to the multiplication of departments, top heavy organisation and the quality and insufficient training of personnel. Frequent transfers of officers from one station to another and from one department to another involve a loss of effectiveness which is obvious, though it cannot be measured in terms of money. All these things add to the invisible cost of the public services.

23—10. Several State Governments have of late undertaken special enquiries with a view to effecting economies in expenditure on staff, including Class IV servants, travelling allowance, contingencies, stationery etc. In Rajasthan also the Finance Department has been making frequent appeals to other Departments to practise economy in different directions. In Rajasthan, moreover, there has been in existence for some time a high power committee endeavouring *inter-alia* "to explore possibilities of reducing administrative expenditure".

That all such efforts have borne so little fruit seems to be due to the absence of a climate conducive to economy.

Administrative units.

23—11. In the course of its report, the Part B States (Special Assistance) Enquiry Committee, 1953 (the Gadgil Committee) made the following observations:—

"The Rajasthan Government had a big problem in the integration of services and administration as they inherited over 80,000 Government servants of all grades and classes from the integrating units".

"A general review of the position indicates that while the State Governments have taken action (a) to determine their requirements in the way of an integrated administrative set up, (b) to assess the qualifications of the available personnel, and (c) to lay down a procedure for the retrenchment of surplus or unsuitable personnel, the progress of action has not generally been as rapid as could have been desired. As compared with similar Part A States, the administrative machinery in these States is overstaffed and further economy by reduction in the number of districts and other measures of economies are possible.

The Committee therefore suggested during discussions with them that reduction in the number of their present administrative units was a necessity which could not be delayed much longer and that there should be a time limit of say, six months, for effecting this essential administrative reorganisation. The State Government were generally responsive to this suggestion, and agreed to lay down a target date to which they should work".

This question of reduction in the number of administrative units still remains to be settled. More than one committee appears to have gone into this matter at different times and detailed proposals have been formulated by the committee which is now seized of the question. Some of the officers interviewed by us were of opinion that the number of revenue districts could be reduced by 4 and that of tehsils by 20 or more, without detriment to efficiency of work and that with the reduction in the number of revenue jurisdictions, there would be a reduction in the district establishment of other departments as well. This is clearly a matter which calls for early decision.

Secretariat.

23—12. The Secretariat is, so to speak, the hub of the State administration and the question of raising its standard of efficiency has received much attention at the hands of the State Government since the formation of Rajasthan.

An Organisation and Methods Section was created in May, 1955. By a systematic examination of statistical returns and by inspection of sections, this Section has helped in some measure to check delays in the disposal of business and to secure the orderly treatment of records of closed cases. But in the nature of things the organisation can have little influence on the quality of work or on the state of business at the higher levels. Some of the officers are not regularly sending their returns of business. Multiplicity of

noting, transmission of files back and forth between different departments of the Secretariat, needless calls for information from the executive departments have not yet been sufficiently checked.

Arrangements have been made to provide formal training for new recruits. But the determination of the quality of the new entrants does not come within the purview of the Secretariat or of the O. & M. Section.

By means of further decentralisation, it should be possible to reduce the amount of business unnecessarily coming to the Secretariat. The lists of periodical returns received in the several sections of the Secretariat should be scrutinised and all returns which are merely filed or which are dealt with in a routine manner should be discontinued. All information of any value contained in the periodical returns may be embodied in the annual administration reports of the concerned departments.

23—13. The work expected of the Officer for Cultural and Literary Affairs does not seem to be related to normal Secretariat or Governmental functions. There are also a number of officers on Special Duty in the Secretariat. In the light of the progress so far made by them in their several tasks these officers, if their continuance is considered necessary, should be allotted specific work to be completed according to a time schedule laid down by Government. The post of Special Officer in connection with Jagirs in the Revenue Secretariat would be unnecessary if the Jagir Commission is reorganised in the manner suggested in para 23—22.

23—14. One instance of centralisation brought to our notice relates to the Education Department. It is understood that the Principals of eight degree and eleven post-graduate colleges report directly to the Secretary to Government, Education Department. This arrangement, besides being unusual, deprives the colleges of the benefit of academic and administrative supervision and throws on the Secretariat an appreciable amount of work which should appropriately be done by an intermediate authority.

Board of Revenue.

23—15. The Board of Revenue exercises both judicial and administrative functions but the latter are somewhat ill-defined, and not sufficiently comprehensive. "The control of all non-judicial matters connected with revenue in the State other than matters connected with settlement is vested in the State Government and the control of all judicial matters and of all matters connected with

settlement in the Board". (Section 23 (1), Rajasthan Land Revenue Act). The Board also discharges the duties of Director of Land Records and deals with certain personnel questions of the Department. Colonisation and consolidation of holdings have been added to the subjects dealt with by the Board.

The Revenue Secretariat is expected to watch the state of revenue collections and the progress of departmental expenditure, to compile the departmental accounts, to keep an eye on seasonal conditions and to supervise the administration of famine relief measures. For the purpose last mentioned there is a Director of Relief, who is ex-officio Deputy Secretary to Government in the Revenue Secretariat.

This dichotomy of organisation impairs the working of the Department and results in undue centralisation in the Secretariat. The revenue administration of the districts lacks unified and effective direction, which is needed all the more because the varying practices and methods in different parts of the State inherited from the past have yet to be smoothened out.

23—16. It seems advisable to reconstitute the Board of Revenue (on the model of Boards of Revenue in Madras and Andhra Pradesh) as the head of the Revenue Department. It should be an effective agency for supervising the administration of land revenue, excise revenue, sales tax and agricultural income tax, revenue from stamps and the administration of famine and other relief measures. The Board may also exercise overall supervision over Devasthanams and Dharampuras and management of Pore properties.

The posts of Director of Relief and Commissioner of Devasthanams and Dharampura may be abolished.

The Board may consist of two members, of whom one would be Commissioner for Land Revenue. He would exercise the powers now vested in the Board in respect of Land Records and Settlement. The second member would be Commissioner for Excise and Taxation. The miscellaneous items would be distributed between the two members.

The reconstitution of the Board on these lines would require that the purely judicial functions of the Board should be assigned to another body, namely, the Appellate Tribunal referred to in the next para.

Revenue Appellate Tribunal.

23—17. After the passing of the Government of India Act, 1935, most of the popular Governments which were established in the Provinces ceased to exercise the appellate and revisional powers vested in the former Provincial Governments in respect of revenue and other quasi-judicial matters. Although this trend has not been uniformly maintained, there is a noticeable tendency now a days on the part of the State Governments to divest themselves of appellate and revisional powers and entrust them to separate appellate tribunals. A recent instance of this is provided by the Mysore Revenue Appellate Judicial Act, passed by the Mysore Legislature in September, 1957. Under this Act, a tribunal has been set up (in place of the former Board of Revenue) to exercise the appellate and revisional powers exercisable by the State Government against any order passed by various heads of departments and the State Transport authority.

It is suggested that a similar tribunal should be set-up in Rajasthan to exercise:—

(a) the appellate and revisional powers of the Board of Revenue in respect of "judicial matters" as defined in section 23 sub-section (2) of Rajasthan Land Revenue Act and powers vested in the Board under Section 39 of the Rajasthan Land Reforms and Resumption of Jagirs Act or under other statutes,

(b) appellate and revisional powers exercised by State Government against any order of a quasi-judicial character passed by the head of a department and by the State Transport Authority.

(c) the functions of the Appellate Tribunal under section 50, Rajasthan Agricultural Income Tax Act; and

(d) the functions of "appellate authority" under section 13, Rajasthan Sales Tax Act, and other functions of a like character.

The Tribunal may consist of a senior I.A.S. Officer and two or more members of the status of District Judges or Collectors.

The expenditure on the additional posts to be created for setting up the Appellate Tribunal, would be more than offset by the abolition of the posts mentioned below which would become superfluous as a result of the reconstitution of the Board of Revenue on the lines indicated earlier.

1. 2 Members, Board of Revenue.

2. Commissioner for Excise and Taxation.
3. Director of Devasthanas and Dharampuras.
4. Director of (Famine) Relief.

23—18. *Divisional Commissioners*.—Opinion seems to be divided as to the advantages of the Divisional Commissioner system. The Planning Commission has noted however, with approval that “the practice of abolishing posts of regional officers which was gaining ground in many states a few years ago has been discontinued and generally steps have been taken or envisaged for strengthening administration at the regional level”. In Rajasthan, the case for retaining such authorities to co-ordinate administrative and development activities at the regional level is strengthened by the fact that it is a large State in which contacts between headquarters and outlying Districts are hard to maintain owing to lack of facilities of communication. But if the Divisional Commissioners are to be retained, they must be assigned proper work loads and responsibilities. Their appellate functions in revenue cases are for the most part discharged by additional Commissioners and they are free to devote greater time and attention to co-ordination and supervision of work in the Districts. This has to be ensured by issuing and enforcing suitable instructions.

23—19. The development and control of all local bodies in their respective Divisions might also be devolved on the Commissioners (and on the Collectors and Sub-Divisional Officers at their respective levels) dispensing with the appointments of Director of Local Bodies and Chief Panchayat Officer. This is the kind of work which is best done by “the man on the spot”.

The services of the Commissioners could also be advantageously utilised for the evaluation of the development schemes in the respective Divisions. Having no direct responsibility for the execution of these schemes, they would be in a position to form an independent judgment on their progress. This work should be definitely assigned as a part of the regular duty of Commissioners and not as a matter for casual attention on their part.

The completion reports of important irrigation and road works may be submitted to Divisional Commissioners for counter-signature or comments. This would be an additional safe-guard for the satisfactory and economical execution of the works.

Another matter which should be regarded as one of the special responsibilities of the Divisional Commissioner is the development of irrigation in the new project areas. There are bottlenecks of

different kinds—delay on the part of the Irrigation Department to repair rain damages or complete distribution works and reluctance on the part of the agriculturists to utilise the irrigation facilities provided for them. Such difficulties could be quickly removed if the Commissioner gave personal attention to these matters.

There are noticeable inequalities in the area and population of the several Divisions and in the number of districts and tehsil comprised in them. It is desirable to re-arrange the jurisdictions so as to secure, if possible, the abolition of one or perhaps two Divisions or at any rate, to lessen the inequalities in the work of the Divisional Commissioners. If the number of Commissioners Divisions cannot be reduced, it should be possible to abolish the posts of Additional Commissioners.

Court of Wards.

23—20. The Government decided in 1954 that the Court of Wards should be wound up and that the estates of the Wards should be released from the management of the Court. This policy is being given effect to very slowly. At present there are about 300 estates under the Court of Wards. The Court of Wards realises $7\frac{1}{2}\%$ by way of supervision charges and 10% towards management charges on the income of the estates of the Wards. But these realisations are not sufficient to cover the expenses. The management of the estates involves a net expenditure of about Rs. 1 lakh from the consolidated fund. If the expenses cannot be further reduced the charges levied on the estates should be raised so that the Court of Wards, while it lasts, may work on a no profit no loss basis.

Settlement Department.

23—21. That there is ample scope for economy in the establishment of the Settlement Department has been stressed in Chapter 12. It is surprising that when there were so many obviously superfluous officers and subordinates, a fresh provision should have been made in the budget for 1957-58 under "new items of expenditure" for additional staff to complete unfinished work.

The Jagir Commissioner.

23—22. As stated in Chapter 4, this Department, though liberally staffed, is not constituted so as to secure either the expeditious disposal of claims for compensation or to ensure their independent scrutiny. It is desirable to organise the Department in different sections for the preparation of claims and liaison work, for

adjudication duties, and more importantly for auditing the assessment of compensation to be offered to the owners of resumed estates. The section last mentioned may be placed under one of the Additional Jagir Commissioners, to be designated as Financial Adviser, working directly under the Finance Department of Government.

Khudkasht Staff.

23—23. This Department makes allotment of unoccupied culturable lands to Jagirdars in the areas irrigated by river-valley projects and elsewhere under the Rajasthan Land Reforms and Resumption of Jagirs Act and Rules. Up to 18th September, 1957, 11,167 applications for allotment of khudkasht lands were received and out of these, 8,115 applications have been disposed of finally.

The term of the department (which consists of 1 post of Commissioner part-time and 4 posts of Assistant Commissioners, besides subordinate staff), has been extended from time to time and the current sanction is effective until 20-2-1958. Since 19th September, 1957 the part-time post of Commissioner has been vacant and it is said that the work of allotment is at a stand-still.

The Officers of the Jagir Department should be able to deal with the applications of Jagirdars for Khudkasht lands or the applications could be made direct to the Collector of the District concerned. There is no particular function that is independently discharged by the Khudkasht staff. It may be discontinued on the expiry of its present term in February next or earlier is possible.

District Administration.

23—24. In district administration, the separation of the judiciary from the executive has been accepted in principle by the Government of Rajasthan but no positive steps have been taken in that direction. In fact such separation of functions which had been partly effected in most of the former covenanting States was abandoned after their integration and it was decided to revert to the system of combining the entire magistracy with the executive and placing it under the administrative control of the District Magistrates. The only exception to this general set up is the establishment of 22 Munsiff Magistrates' courts.

The R.A.S. and I.A.S. officers in the districts in their judicial capacity, have to function as Magistrates and revenue courts, and in their executive capacity, have to discharge duties connected with general administration and development. The arrangement assumes, on the part of these officers, a degree of versatility which

is rare and makes it difficult for them to specialise in the kind of work for which they may have a particular aptitude. Having to move about in their jurisdictions and being sometimes called away from headquarters at short notice for urgent work, they cannot give day to day attention to the hearing and disposal of cases, which are necessarily delayed on this account. And the adequacy of the sum total of their work which is so diversified cannot be easily judged.

Apart from the question of implementing Constitutional provisions, the separation of the judiciary from the executive has become a matter of practical consequence owing to increase in the "development work" of executive officers in the districts.

It has been suggested that, for the present, "officers entrusted with magisterial work should be left to perform such work to the exclusion of other duties". This may be combined with revenue, judicial work, where necessary, to make up a proper work load.

Police.

23—25. The expenditure on the Police Department in Rajasthan has increased very considerably since Independence. Part of this expenditure is occasioned by measures to protect Indian territory on the Pakistan border and to suppress dacoities in the interior parts of the State. In his interview with the Committee, the former I.G.P. (Shri Kanetkar) expressed the view that the dacoit trouble, though not fully removed, was well under control and that the improvement in the Law and Order situation generally made it possible to effect some economies in expenditure in the following directions:—

(a) Reducing 4 posts of District Police Superintendents and their establishments. This postulates of course, that there would be an equal reduction in the number of Revenue Districts;

(b) Abolishing one Range under a Deputy Inspector-General;

(c) Conversion of certain Sub-Stations into Out-posts; and

(d) Abolition of certain Out-posts where they are no longer required.

Proposals on these lines (if not already received) will have to be obtained and considered by the Government.

The former I.G.P. also stressed the need for providing adequate housing accommodation for the subordinate officers of the Department and constables in places where these facilities were now lacking.

Department of Industries.

23—26. The Department of Industries in this State has relatively few functions to perform, as compared with corresponding Departments in certain other States. It has no important State undertakings in its charge and no institutions of technical education to manage.

Although its functions are limited, the Department has a large staff (further strengthened recently) with a preponderance of administrative as compared with technical and expert personnel.

23—27. We consider that the Department of Industries should play a more active role than it is doing at present for the promotion of medium and large scale industries. It should have charge of technical education (including occupational training) at all levels below that of the University.

Attention should be concentrated on the development of those industries for which the State has real potentialities, such as the wool industry, handloom weaving, leather tanning and manufacture of leather goods. The miscellaneous activities of the department which follow the programme of some of the Central Boards should be integrated as suggested by the Balwantrai Mehta Team. The Team observed that "it should not be difficult to make some effort to pool funds, personnel, agencies of supervision and inspection and marketing arrangements so that inefficiency and waste may be minimised."

There should be well qualified technical officers for each of the main lines of activities of the department and the purely administrative personnel should be kept at a minimum. We consider that the head of the department should be a person having an industrial or business background and that he should have the status of Commissioner. If the post is filled by an I.A.S. Officer, who is found suitable, he should be retained in that post for a term of 4 or 5 years. In all important industrial concerns in which the Government are entitled to nominate a Director, the head of the Industries Department or one of its senior officers should be nominated as the representative of Government.

23—28. The Department has been recently strengthened by the appointment of 19 District Industries Officers. It is doubtful if all these officers will have enough work to do. They may perhaps be employed in conducting the industrial and economy survey of the State (for which Rs. 10 lakhs is provided in the Second Five Year Plan), instead of entrusting that work to another Department which

may have to recruit just the same kind of staff to carry it out. This would also give the District Industries Officers some background information which would be useful for their future work.

23—29. In other States, Weights and Measures Schemes have been suspended, pending the introduction of the metric system. But in Rajasthan a fairly large staff of Inspectors and Assistant Inspectors has been sanctioned and is engaged in a survey of weights now in use. The annual receipts from certification and stamping of weights are small. The activities of this staff have to be regulated so as to ensure a proper out-turn of work and if possible some increased revenue.

Department of Agriculture.

23—30. The Director of Agriculture is also designated as Food Commissioner and in the latter capacity he has a staff working under him both at headquarters and in the districts. Now that food production forms or should form the main preoccupation of the Department of Agriculture, the need for maintaining a separate organisation in full strength under a distinctive designation needs looking into. If the normal work of the department requires the retention of any post of this staff it should be integrated with the regular establishment.

The staffing of the statistical, publicity and marketing sections of the Department has also to be examined and their objectives and programmes clearly laid down. There are no regulated markets or Agmark stations in the State at present and unless the marketing surveys now being made have some definite end in view, the services of the marketing staff may not be required for long.

Labour Department.

23—31. The posts of Medical Inspector of Factories (Rs. 250-25-500-EB-25-700) and Lady Labour Welfare Officer (Rs. 200-10-280-EB-15-400) are said to be vacant as qualified candidates for the posts were not available. No inconvenience seems to have been caused by having kept the posts vacant. They may be formally abolished.

Department of Devasthanans and Dharampura.

23—32. A large measure of administrative decentralisation, combined with adequate financial control to prevent misuse of Trust Funds and properties are the chief desiderata in this department. It

is understood that steps have been taken to list the immovable properties belonging to the different institutions with a view to their proper management. For valuable ornaments, inventories are said to have been prepared in respect of some institutions. These two items of work are urgent and should be completed without delay.

The Administration and supervision of religious services in important temples etc. may be vested, as is done in other parts of the country, in committees consisting of local devotees. The co-operation of some of the former Princes who are known to be of a religious disposition should be enlisted by asking them to be Chairman of regional committees. As stated earlier, the duties of the Director of the Department may be entrusted to one of the members of the Board of Revenue.



CHAPTER 24

Construction works.

24—1. The outlay on irrigation and road works during the First Plan and that proposed for the Second Plan amount to about Rs. 51.96 crores. The provision for construction works (original) in the budget for the current year adds up to Rs. 10.27 crores.

Having regard to the magnitude of these outlays it is obvious that any economies secured in carrying out construction projects would in the aggregate be very substantial. The quality of the work done is also a matter of importance, owing to its bearing on the costs of future maintenance.

As the Planning Commission has observed, "organisation, procedure and programming methods should be designed by every department so as to ensure that public money is not misapplied and that from the money spent the maximum results are obtained. In each organisation there is need for an appropriate system of cost control and efficiency audit".

24--2. In addition to this internal audit, arrangements may be made from time to time to have test audit made of selected public works by an independent agency from the technical and as well as economy points of view.

24—3. The completion reports of works of building construction must be submitted for the counter-signature of the Head of the Department for which the works are carried out. For irrigation and road works, involving an outlay of Rs. 1,00,000 and upwards, the counter-signature of the Divisional Commissioner, should be obligatory. When the total outlay exceeds Rs. 25,000 but is less than Rs. 1,00,000 the counter-signature of the Collector may be sufficient. The counter-signing authority must satisfy himself that the work has been carried out properly and economically so far as he can judge.

24—4. During the First Five Year Plan period nearly 30,000 wells were constructed or repaired for irrigation or for supply of drinking water. For this purpose, loans or subsidies were given by

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different agencies, viz., Rural Water Supply Board, the Department of Agriculture, the Development Department and the Social Welfare Department. The loans or subsidies are paid to the parties on the certificate of the Collector, the District Agricultural Officer, an overseer or the Tehsildar, as the case may be, to the effect that the well work was completed.

There is also a large programme of well construction under the Second Five Year Plan comprising the construction of more than 20,000 wells for irrigation and supply of drinking water with an allotment of the order of Rs. 1½ crores.

24—5. Experience in other States in working a subsidy scheme of well works on a large scale has shown that the scheme affords room for fraudulent practices. It is easy to pass an old well as a new one and a well in good condition as having been recently repaired and to obtain loans and subsidies on such misrepresentations. It is understood that a Statistical appraisal of irrigation well works in the State was made in the Directorate of Economics and Statistics and latterly the Government have asked the Sanitary Engineering Section of the P.W.D. to make a sample survey and evaluation of the works executed by the Rural Water Supply Board. When this is completed in at least a few typical tehsils it would throw useful light on the precautions to be taken to ensure that the large amounts devoted to this purpose are not misapplied. All schemes of the construction of wells should be integrated for purposes of supervision and maintenance of records, although the funds may be provided under different budget heads.

24—6. Notices calling for tenders for execution of works are issued through the Department of Public Relations. The time allowed for the submission of tenders is:—

For petty works costing up to Rs. 2,500/- One week.

For minor works costing up to Rs. 20,000/- Two weeks.

For major works costing about Rs. 20,000/- One month.

In several cases the time allowed is much too short for the contractors to study the estimates carefully and quote their rates. The period for submission of tenders should not be less than one month from the date of the actual publication of the notice calling for them and in the case of major works even 6 to 8 weeks would not be too long.

CHAPTER 25

Purchase of Stores.

25—1. The audit reports and the reports of the Public Accounts Committee refer to many instances of financial irregularities in the purchase of stores. The Public Accounts Committee have also noted that the Departments have failed to institute enquiries and to intimate the results to the Committee.

25—2. The following are some of irregularities noticed:—

The requirements of the Department are not carefully ascertained and proper specifications are not drawn up. Notices calling for tenders are issued in a perfunctory manner and without allowing time for all interested firms to submit their tenders. The tenders when received are arbitrarily dealt with. To prevent lapses of budget provision large sums of money are drawn before supplies are received or even before contracts for supply are settled. Large amounts are kept in a separate Bank account in the name of drawing officer and disbursements made out of it as supplies are received in the following financial year and the balance is repaid into the Treasury at the leisure of the drawing officer.

The remedy for this astonishing state of financial indiscipline is obvious and lies in the hands of the Government.

25—3. Large quantities of improved strains of seed have been purchased in the market by the Department of Agriculture for distribution to agriculturists. This practice has to be deprecated, not only because it affords room for abuses but because also the purity of seed bought in the market cannot be assured. It is said that the system of registering growers is being progressively adopted. There should be no occasion for the Department to purchase any seed except from bona fide registered growers.

25—4. For the purchase and acquisition of stores (a term which includes not only expendable articles but also plant, machinery, instruments etc.) elaborate instructions are laid down in the General

Financial and Account Rules of the State. These rules emphasize that purchases must be made in the most economical manner, that care should be taken not to purchase stores much in advance of actual requirements and that where scales of consumption or limits of stores have been laid down, the officer ordering supply should certify that the prescribed scales or limits are not exceeded. The rules also make it clear that tenders should be called for and that the lowest tenders should be accepted save in special circumstances.

If these rules are not observed in the letter and spirit it cannot be through ignorance or compelling urgency. It is the will to economy that is wanting in such cases.

25—5. In certain departments such as Medical, Printing and Stationery, Electrical and Mechanical, there are departmental committees for the purchase of stores but they are purely *ad hoc* bodies to advise the head of the Department and exercise no special responsibility.

25—6. The question of setting up a central organisation for the purchase of stores has been long under the consideration of Government. The organisations in other States have been studied but apparently no acceptable prototype has been found.

25—7. There should really be no difficulty, however, about setting up a central agency for the purchase of stores. The organisation may be a committee or even a single responsible officer. Where a committee exists the day to day work including the placing of orders ordinarily devolves on the Secretary or President of the Committee. The objection often urged by spending Departments that a central purchasing organisation would prove to be a bottleneck is not well founded.

25—8. It is not necessary to set up within the Stores Purchase Organisation or as auxiliary to it, a number of technical experts, as the organisation could always consult the heads of the concerned technical departments or even obtain outside expert help, if necessary. It is understood that for drawing up specifications and examining tenders for electrical machinery, the services of the Central Water and Power Board are available and have often been made use of by the State Electricity Department.

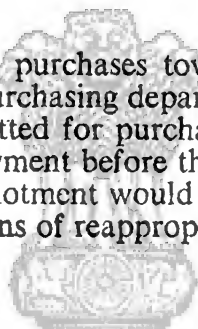
A Central organisation is not of course a panacea for purchasing ills. But it has undoubted advantages.

Besides securing the economies of bulk purchase, it would scrutinise indents and habitually observe all prescribed technical formalities and rules conducive to economy and business propriety.

25—9. Pending decision on the formation of a central purchase organisation, a general direction should be issued to all departments that in respect of all articles for which rate contracts have been settled by the Director General of Disposals, Government of India, supplies should be procured at approved contract rates.

25—10. The sanctioning authorities have a responsibility to see that indenting departments have carefully ascertained their actual requirements and have drawn up needful specifications. Blanket and last minute sanctions without ascertaining all relevant particulars should be avoided.

25—11. Rushing of purchases towards the end of the year could be minimised if the purchasing departments are made to understand that if any funds allotted for purchases lapse owing to failure to complete purchase or payment before the 31st March for unavoidable reasons, the unspent allotment would be placed at their disposal during the next year by means of reappropriation or additional grant.



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CHAPTER 26

Development Schemes

26—1. The Planning Commission has pointed out that “(a) the principal source of wasteful expenditure lay in the failure to plan carefully and in detail in advance of execution and that (b) there is scope for more careful working out of estimates of financial costs and for a more critical assessment of results in relation to the expenditure incurred”:

As progress is judged by the extent to which expenditure targets are achieved (no less than by physical targets) spending often becomes an object in itself, weakening the incentives to economy and efficiency in execution.

Community Development and National Extension Service.

26—2. The Study Team under the leadership of Shri Balwant Rai Mehta have recently made a report covering all the activities included in these two schemes. The following are among their more important recommendations:—

(i) The emphasis should shift without delay to the aspects of economic development.

(ii) The three phases of the CD programme, viz. N.E.S. stage, intensive development stage and post-intensive development stage should be abolished and operation of the scheme should be continuous in every block included in the programme.

(iii) The decision to cover the entire country with N.E.S. Blocks during the Second Plan period should be revised and the period extended by at least 3 years.

(iv) A uniform and realistic method of assessment of public contribution in community works should be followed and the desire to inflate figures indicative of people's contribution to such works should be resisted.

(v) The weakest spot in the programme of community development is the development of rural industries and the present approach to the problem has to be revised radically.

The following are among the steps to be taken to this end—
(a) Carrying out rapid local economic and technical survey in each block of possibilities of specific industries, and (b) establishment of pilot projects to demonstrate the technical feasibility and economic soundness of any particular industry or industries.

These are among the numerous constructive criticisms and suggestions made by the Team. And we have no doubt that in Rajasthan, as elsewhere, they will receive early consideration.

26—3. One of the major recommendations made by the Study Team refers to “democratic decentralisation”. They suggest that “the Government should divest itself completely of certain duties and responsibilities and devolve them to a body which will have the entire charge of all development works within its jurisdiction, reserving to itself only the functions of guidance, supervision and higher planning”. There is certain to be a difference of opinion about the expediency of adopting this suggestion. But revolutionary as it may look, it indicates a sound approach to the problem of rural development. There will be no great harm done; on the other hand, much useful experience may be gained by adopting the pattern of organisation advocated by the Team in a few districts in the first instance.

26—4. On the subject of social education, we find ourselves in agreement with the views expressed by Mr. B. G. Rao in his dissenting minute in which he says that “the social education organiser is not an essential part of the community development organisation” and can do little “to create a new outlook, new values and new attitudes on the part of the people”. This is the proper function of political leaders and workers and of the intelligent elements of the local community such as school masters.

Social Welfare.

26—5. While the community development and N.E.S. schemes are the most important part of the development plan, there are several other schemes also which need critical examination and reorientation. One of those is the social welfare programme and organisation. Where work in tribal areas is organised in homogenous development blocks the pattern of organisation affords some guarantee of work being done on useful lines. But the activities of the Social Welfare Department extend to other sections of people who are spread out over the whole State, and it is doubtful whether these

activities are really contributing to the welfare of the people concerned. Its organisation with a large staff at the headquarters of the State and at the Divisions cannot be said to be conceived on lines appropriate to its objectives. The Study Team have pointed out that "as far as possible personnel should be recruited locally and that in the selection of all personnel, sympathy for and understanding of the tribal people should be considered one of the principal requisites". This observation applies equally to personnel engaged in the welfare work of scheduled castes and backward classes also.

26—6. Some of the activities of this department overlap the regular work of the Education, Industries, Medical Departments and of the Village Industries Board. These activities should be transferred to the appropriate agencies to be carried out by them with funds provided in the budget of the Social Welfare Department.

Industries.

26—7. In reviewing the progress of the Five Year Plan, the Planning Commission have observed—"Few States had clearly defined programmes for the development of their village and small industries. It would not be incorrect to suggest that only recently has precise knowledge regarding the economic and organisational problems of individual small industries begun to be gathered". In regard to the handloom and wool industries, the department has a sufficient background of local experience and previous effort to justify attempts of large scale development. But in the case of most other small scale and cottage industries, the technique and methods of promotion should first be tried and perfected in pilot schemes.

26—8. The production-cum-training centres are not attracting a sufficient number of boys of the right type-boys who find the training necessary or useful for the calling they are to pursue. The cost per pupil is very high (nearly Rs. 2,000 in one case) considering the nature and usefulness of the training imparted at these centres. In the Gadia Lohar centre started at considerable cost at Chittorgarh nearly all the pupils left the institution soon after their enrolment.

The Second Plan envisages an expenditure of Rs. 40 lakhs for starting new production-cum-training centres in 16 trades. This programme needs reconsideration in the light of experience so far gained with the working of the existing centres. New centres should be opened only if an adequate intake of trainees and proper instructional arrangements are assured.

As suggested by the Study Team, peripatetic training centres with short term courses and staffed by efficient practical technicians drawn from amongst professional artisans should prove a mere effective means of improving technical skills in rural areas.

The production aspect of work in these centres need not be unduly stressed. As the centres are now conducted, production means little more than the mediocre work of hired artisans. It has no instructional significance.

In Jaipur there are on the same road 3 different emporia for village industries, handloom goods and handicrafts, each managed separately and revealing in their aloofness from one another a lack of co-ordination, if not contradiction, in the policies of the concerned all India Boards on which the Study Team have strongly commented. It is certainly possible to pool funds, personnel etc. and run such institutions and other activities much more economically.

26—9. The Technical Training Centre at Jaipur which is managed by the Labour Department is popular and apparently meets a real need. The Plan provides for the opening of 3 more such centres at Jodhpur, Udaipur and Kotah. It would be appropriate to place these centres under the control of the Department of Industries, which should have charge of all technical education in the State below University level.

Matching Grant Schemes.

26—10. Regarding Central schemes promoted on the system of matching grants during the First Plan period, the Finance Commission has stated in paragraph 190 of the Report that the State Governments "found it impracticable to reject the schemes on the ground of want of resources because of the understandable public criticism that they were not taking advantage of these schemes, desirable in themselves and having the added attraction of a Central subsidy. In the result most of them accepted the schemes and ran into revenue deficits".

26—11. A number of such schemes have been included in the Second Five Year Plan of the State. New Labour Welfare Centres are proposed to be started and existing ones upgraded at a cost of Rs. 20.6 lakhs for the Plan period. These welfare activities should be left, if possible, to private agencies with suitable grants-in-aid. The Labour Department has enough to do in the performance of its increasing statutory duties.

26—12. It is also proposed to open 11 more Employment Exchanges. The outlay provided in the Plan for this purpose is Rs. 3.18 lakhs. These exchanges may serve a good purpose in big

cities where factories or other centres of employment are separated by long distances. There is no point in opening Employment Exchanges in small towns where there is no difficulty for intending workers to contact employers.

Consolidation of holdings.

26—13. The target of the scheme is to complete consolidation of 30 lakhs acres of land during the Plan period. The ultimate expenditure on this work is estimated at Rs. 180 lakhs, of which Rs. 30 lakhs is expected to be contributed by the Central Government, the balance being recovered from land-holders by way of consolidation fee at the rate of Rs. 4 per acre. This would still leave a deficit of Rs. 30 lakhs to be met from State funds.

26—14. In 1956-57 a number of officers and subordinates were trained in consolidation methods and a sum of Rs. 1.80 lakhs was spent for this purpose.

The amount provided for the implementation of the scheme in 1957-58 is Rs. 10 lakhs. The staff contemplated for this work consists of a Director (Rs. 800-1800 with a special pay of Rs. 150/-), 3 Dy. Directors (R.A.S. scale with a special pay of Rs. 150/-), 5 Consolidation Officers and 12 Assistant Consolidation Officers, with the necessary office and outdoor staff.

The programme for the current year is limited to the consolidation of 1 lakh acres as shown below:—

<i>District.</i>		<i>Tehsil.</i>	<i>Area to be consolidated in acres.</i>
(a)	Sri Ganganagar (Bhakra Project area)	Bhadra	50,000
(b)	Chittor	Nimbahera or Chittor	8,000
(c)	Pali (N.E.S. Block)	Bali	32,000
(d)	Jaipur (N.E.S. Block)	Bassi	10,000
TOTAL ..			1,00,000

26—15. If the current year's anticipations of expenditure and out-turn of work are any indication, it is obvious that the cost of consolidation, with this large and top heavy establishment, would materially exceed the estimate of Rs. 6 per acre. It is doubtful whether it would be possible to recover consolidation fees at Rs. 4 per acre (as anticipated) from the land-holders, specially in villages where there may be resistance to consolidation schemes.

26—16. This seems to be one of those schemes which is best carried out on a limited scale in the first instance and then expanded, if the financial and practical results justify such a course.

Staff Schemes.

26—17. Some of these schemes provide for substantial additions to the personnel of new departments before they have settled down to regular work and demonstrated their usefulness.

Reference has already been made to the appointment of Industries Officers for nearly all the Districts.

Similar schemes are in the offing for the expansion of the Public Relations Department and the Directorate of Economics and Statistics.

It is proposed to appoint twenty-six Public Relations Officers, one in each district, in the scale of Rs. 200-10-280-E.B.-15-400-25-450. Eleven such officers have already been appointed. It is further understood that the Directorate of Economics and Statistics is also setting up a District Statistical Agency. Under this scheme 25 Statisticians in the grade of Rs. 250-15-400-E.B.-25-600 will be appointed. In our opinion the implementation of these schemes at this stage is premature and needs reconsideration.

There are Public Relations or Publicity cells and Statistical cells of varying sizes in the Departments of Agriculture, Industries, Social Welfare and others. It is necessary to co-ordinate the work of these several departmental units before the Public Relations Department and the Directorate of the Economics and Statistics launch out on independent district programmes.

26—18. In 1951-52 there were only 7 Inspectors of Schools. The number increased to 21 in 1957-58 and an Inspector was allotted to each of the major districts. Bundi, Jhalawar, Jalore, Banswara, Doongarpur and Sirohi districts are under the charge of Deputy Inspectors (or Sub-Deputy Inspectors) of Schools. The number of institutions varies widely from district to district. As against 674 institutions under the Inspector in Udaipur District, there are 200 institutions in Bikaner District.

As regards the subordinate inspectorate, there are in Bharatpur District 14 officers in-charge of 648 institutions, i.e. on an average there is one officer in-charge of 46 institutions, as against 3 officers in-charge of 416 institutions in Jaipur West—an average of 139 institutions per officer.

The attempt to adjust the inspectorate charges so as to coincide with district boundaries has led to a very unequal distribution of

work. This scheme, which involves the trebling of the size of the higher inspectorate, stands in need of some pruning.

26—19. There are several minor schemes which it should be possible for the concerned department to carry out with its existing regular staff and personnel provided for earlier schemes. But the practice is to ask for a separate Gazetted, subordinate and menial staff, rent for accommodation, typewriters, etc. for every new scheme, irrespective of its importance without carefully assessing the department's personnel and other resources. This practice has to be discouraged.

26—20. It is understood that the Second Five Year Plan is to be revised or rephased shortly. That would be an opportunity for re-examining the various schemes and re-arranging priorities, giving preference to schemes from which some direct or proximate economic benefit may be expected.

26—21. The Department of Industries has very limited contact with private industrial enterprise in the State and opportunities for industrial development are lacking. It has been suggested that some machinery should be set up to enable private and public sector industries to come together more intimately and frequently, in the shape of a Board of Industrial and Mineral Development with sufficient funds and staff to investigate schemes of development.

26—22. In the course of our enquiry we have heard various suggestions for the better functioning of the machinery of Planning in the State and we feel this is the appropriate place for placing these suggestions on record.

There is a Development Committee and also a State Planning Board at the State level but they seldom meet. The Planning Board has not met for over a year. In practice, therefore, the entire responsibility for formulating, phasing and evaluation of the State Development Plan and of co-ordinating the various sectional programmes falls on the Development Commissioner and his associates. It is considered desirable to set up a Planning Body (in place of the existing consultative machinery) which could meet at frequent intervals and give adequate attention to Planning problems and to the essential work of evaluation of progress. This should be a compact body consisting of official and 3 non-official members. At least two members should be able to devote their whole time to these duties.

There is also a complaint that the District Planning Committees have little or no hand in drawing up district plans, in fact, there are no district plans at all. It is of the essence of national planning that local programmes should be initially prepared at the

district or even at the village level. The District programmes, such as they are, are not related to local wants or the wishes of local people and leaders, and evoke little popular support or enthusiasm. The District Planning Committees should be taken seriously and enabled to maintain continuous contact with the Planning organisation at the State level.

With District Committees functioning actively, the gaps that often arise between sanction and execution could be better detected and more promptly attended to. Schools and Health Centres which do not start functioning after being sanctioned or remain closed for one reason or another cannot but have a depressing effect on local morale. The schemes to be taken up each year should be finalised in all details before they are included in the year's budget and the funds required for their implementation (including the Central contribution) should be made available early in the year—not later than May in any case.



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PART IV--Assets and Liabilities.

CHAPTER 27

Investments

27—1. The tabular statement appended to this Chapter gives details of Government investments as they stood on the formation of Rajasthan on 7th April, 1949 and on the 1st of April of each of the succeeding financial years. Investments on State account are shown separately from investments of Trust funds.

27—2. On State account, investments of the face value of Rs. 18.13 crores were inherited from the covenanting units. A Fixed Deposit of Rs. 5 lakhs with the Bank of Bikaner Ltd., Bikaner and securities for Rs. 10 lakhs held by various departments (e.g. Devasthan Department and the Accountant General) subsequently came to the knowledge of the Finance Department. Including these, the value of securities held on State account on 7-4-1949 comes to Rs. 18.28 crores. On 1st April, 1957 these investments stood at Rs. 15.16 crores, showing a reduction of Rs. 3.12 crores in their total value.

This is mainly due to the fact that investments of the value of Rs. 2.61 crores (including shares for Rs. 85 lakhs relating the Nagda Mathura Section of B.B.&C.I. Railway) were transferred to the Government of India under the Federal Financial Integration Agreement. Also, securities of the value of Rs. 2.05 crores were encashed on maturity.

While the amount held in gilt-edged securities is thus reduced, there has been a net increase of investment in company shares. Apart from holdings in the B.B.&C.I. Railway since made over to the Government of India, shares worth Rs. 125 lakhs came to the possession of Rajasthan Government from the various covenanting States; and subsequently a sum of Rs. 52.63 lakhs has been paid by the Government as call money on part paid shares of these Companies.

27—3. The Government of Rajasthan has also made new investments to the extent of Rs. 61.68 lakhs in the share capital of the following Companies:—

1. Rajasthan Financial Corporation.

2. Bikaner Industrial Corporation.
3. Rajasthan State Co-operative Bank.
4. The National Construction Corporation Private Ltd.

and certain co-operative institutions. As a result of these and certain other transactions, the Government's holdings in the share capital of Companies stood at Rs. 240 lakhs on 1st April, 1957.

27—4. G.P. Notes of the face value of Rs. 12.18 crores (which are practically the whole of the State's gilt-edged investment portfolio) have been pledged with the State Bank of India as cover for overdraft credit to a limit of Rs. 10.74 crores. The following table shows the state of overdraft account since April, 1949:—

<i>Date</i>	<i>Face value of securities pledged.</i>	<i>Overdraft.</i>
	<i>Rs.</i>	<i>Rs.</i>
7-4-49	—	397.29 lakhs.
1-4-50	—	558.22 lakhs.
1-4-51	9,74,10,700	672.46 lakhs.
1-4-52	12,72,00,900	932.10 lakhs.
1-4-53	12,16,32,100	903.74 lakhs.
1-4-54	12,17,57,000	719.86 lakhs.
1-4-55	12,17,57,000	561.50 lakhs.
1-4-56	12,17,57,000	745.31 lakhs.
1-4-57	12,18,23,600	1062.83 lakhs.

27—5. As regards the soundness of the investments, so far as G.P. notes, sterling securities, fixed deposits in Banks, Postal Certificates and the like are concerned, they call for no remarks.

27—6. As regards the amount of Rs. 2.40 crores invested in company Shares, the position according to the latest available information is as follows:—

Thirteen concerns in which a sum of Rs. 1,51,60,883 is invested are giving dividends.

Eight concerns in which a sum of Rs. 70,23,850 is invested are said to be working without loss and may declare dividends sooner or later.

Six concerns with a total State investment of Rs. 1.80 lakhs are running at a loss.

Seven concerns have gone into liquidation and two are in the process of liquidation. The investment of the State in these concerns stands at Rs. 8,06,400 and Rs. 85,000 respectively.

Two concerns in which State had invested Rs. 30,000 have become defunct.

As regards the new undertakings mentioned in para 27—3 and the investments which have been transferred from His Highness Dungarpur, Khetri Jagir and Chief of Lawa, the individual cases are under examination.

27—7. To summarise, out of the total investment of Rs. 240 lakhs in Company Shares, Rs. 220 lakhs may be considered to be reasonably safe though not presently remunerative; Rs. 8½ lakhs has to be written off as a definite loss, and investment for the balance of Rs. 11½ lakhs are of uncertain value.

27—8. The investments held by the State in a fiduciary capacity were of the value of Rs. 124 lakhs on 7-4-49. The greater part of these Trust deposits have been refunded to the parties concerned, leaving a balance of Rs. 27.14 lakhs in the custody of Government on 1st April, 1957.

27—9. The Public Accounts Committee have, in their several reports, drawn attention to the need for continuous vigilance on the part of Government to ensure that the concerns in which public funds are invested are run efficiently.

INVESTMENTS

Particulars.	As on for- mation of Rajasthan 7-4-49.	AS			ON		
		1-4-52	1-4-53	1-4-54	1-4-55	1-4-56	1-4-57
I. General Reserves and Earmarked Funds.							
1. G.P.Notes ..	14,89,71,900	12,26,42,100	12,36,02,100	12,37,34,100	12,37,40,700	12,38,40,700	12,39,07,300*
2. Sterling Securities ..	22,07,000	22,06,960	22,06,960	22,06,960	22,06,960	22,06,960	22,06,960
3. Fixed deposits in Banks ..	52,15,755	16,79,365	10,45,809	15,25,534	15,25,534	15,25,534	15,25,535
4. Postal Certificates etc. ..	37,89,082	33,85,270	42,230	9,230	39,230	39,230	9,230
5. Shares ..	2,11,13,183	1,75,44,833	1,75,44,833	1,80,06,853	1,80,16,253	2,17,05,583	2,39,95,443
TOTAL ..	18,12,96,920	14,74,58,528	14,44,41,932	14,54,82,677	14,55,27,677	14,93,18,007	15,16,44,468
II. Trust Funds.							
1. G.P.Notes ..	99,36,100	42,79,400	23,14,400	23,15,200	23,05,000	26,12,900	26,12,900
2. Fixed Deposits ..	24,55,027	4,08,248	2,05,789	59,145	59,145	59,145	59,145
3. Postal Certificates ..	39,110	37,120	53,640	85,890	85,890	85,290	41,840
TOTAL ..	1,24,30,237	47,24,768	25,73,829	24,60,235	24,50,035	27,57,335	27,13,885
GRAND TOTAL ..	19,37,27,157	15,21,83,296	14,70,15,761	14,79,42,912	14,79,77,712	15,20,75,342	15,43,58,353†

*This is exclusive of holdings in 4% Rajasthan Development Loan 1968 for Rs.39,50,000/-.

†Represents paid up value of shares and postal certificates and face value of other holdings.

CHAPTER 28

MAJOR RIVER VALLEY PROJECTS

Bhakra-Nangal Project.

28—1. Work is being carried out on the basis of the project prepared in 1949 and revised from time to time. The following are the terms on which the cost of common works is shared by Punjab and Rajasthan:—

1. The cost of Bhakra Dam and Nangal Dam will be shared between the partners in the proportion of the stored water allotted to each.

2. The costs of Nangal Hydel Channel, the Bhakra Canal and its branches are to be shared on the cusecs mile basis.

3. The cost of Power Houses at Bhakra and Nangal Hydel Channel will be shared on the basis of stored water supply allotted to each partner.

4. Transmission lines of 132 K.V. and over serving more than one partner will be charged to the common pool.

5. Transmission lines of 132 K.V. and over intended for the exclusive use of one partner will be charged to that partner.

6. Transmission lines below 132 K.V. and all distribution lines will be charged to the partner for whose use they are constructed.

Irrigation.

28—2. Rajasthan's share of the total estimated cost of common works at 15.7 per cent will be about Rs. 18 crores. The works in Rajasthan are estimated to cost Rs. 4.47 crores.

28—3. The percentage of water stored in Bhakra Dam allotted to Rajasthan is 15.22 per cent and amounts to 0.945 million acre ft. The cultivable commanded area in Rajasthan is 9,20,000 acres, of

which about 62 per cent would be actual irrigation. The execution of the work is so phased that simultaneous benefits accrue to both the States. But till the Bhakra Dam storage begins to function, Rajasthan is only entitled to non-perennial supply.

28—4. In 1956-57 there was a decrease in the area irrigated. This is reported to be due to (a) shortage of flow in the Sutlej, and (b) the fact that the allocation of water to Rajasthan on the weekly regulations was erratic and less than what the State was entitled to. Representations are understood to have been made to ensure proper regulation of water let down to Rajasthan.

28—5. The works in Rajasthan are nearly completed.

28—6. The probable outlay on the project at the end of the Second Five Year Plan is Rs. 3042 lakhs including interest, and net expenditure Rs. 2258 lakhs.

The net receipts at the end of the Second Five Year Plan would be about Rs. 22 lakhs.

28—7. This may not be an adequate financial return but if the irrigation potential (5.70 lakhs acres) is realised, the benefits of this project to Rajasthan would be very substantial.

Power.

28—8. The achievements and prospects on the power side of the undertaking are far less satisfactory, so far as Rajasthan is concerned. The effective capacity of the 2 Nangal Power Houses now in commission is 72,000 K.W. of which, after providing for project requirements and transmission losses, 64,800 K.W. is available for distribution. Delhi is being supplied 20,000 K.W. at present, and a proposal is under consideration to increase the supply by 4,000 K.W. The net capacity available for distribution between the participating States from the existing plant is 30,300 K.W. and at present all this power is being utilised in Punjab.

28—9. The construction programme of the transmission lines in Rajasthan was approved in October, 1953, but on the very next day a directive was received from the Planning Commission that the work on the transmission lines should be held in abeyance unless it was shown definitely to be a productive one. By about the middle of 1954, a Committee headed by Mr. N. N. Iengar reported that the works should be considered to be productive and should be taken up. The construction of the transmission lines to supply power to Rajasthan at the two feeding points, viz. Sriganganagar and

Rajgarh was then entrusted to the Punjab P.W.D. Electricity Branch. The Punjab P.W.D. estimated that it would complete the 132 K.V. transmission circuit by April, 1956. Subsequently, it revised the construction programme and indicated that it would be able to complete transmission line to Rajasthan by June-July, 1957. The present expectation is that the lines would be completed by July-August, 1958.

28—10. Rajasthan can claim power to the extent of 15.22 per cent of the firm capacity at Bhakra and Nangal Stations after meeting prior commitments of the common pool (including supply to Delhi and to the Fertiliser Factory) and earlier appropriation of power by Punjab. If Rajasthan is not ready to utilise the power available at any stage, such power may be allotted to Punjab or outside consumers; and Rajasthan will have to wait for a later opportunity to make up the shortfall.

28—11. On the basis of present generation the share of Rajasthan works out to be 5,000 K.W. (as against the Second Plan target of 15,000 K.W.) and it is felt that a major portion of this power could have been utilised by the State had Punjab completed the transmission lines, particularly the line from Mukteshwar to Sriganganagar according to schedule. But, it must be added, the construction of transmission lines and sub-stations within Rajasthan territory has also been delayed for various causes and has to be speeded up so as to make utilisation of power possible at least in 1958.

28—12. In the sum total, it would seem that in implementing the scheme priority has been given to the supply of power to Delhi and to Punjab and that the requirements of Rajasthan have received scant attention. It would even appear that at one stage Rajasthan's portion of the Bhakra Nangal Project (Power) was excluded from what has been described as the "core of the plan".

Delhi, which is not making any contribution to the capital cost of the undertaking as a whole or even for works constructed for its exclusive benefit, is supplied power at the same rate as the participating States.

Another favoured consumer is the Nangal Fertiliser Factory. It is understood that the rate proposed to be charged for supply of power to this factory was based on assumptions which no longer hold good. If the rate involves an element of subsidy, the Bhakra-Nangal Project should not be burdened with it.

The interest on outlay during construction is an important item of cost of this project; (as is inevitably the case with all such "long gestation" projects). The cumulated interest at the moment is about Rs. 6½ crores and is expected to increase to Rs. 11 crores by the end of Second Plan period. This large element of capital cost cannot be overlooked in determining the rates to be charged for supply of power to outside consumers.

28—13. There is a stipulation (apparently not yet finalised) that Bhakra Nangal power should be sold to consumers by the participating Governments according to the schedule of rates approved by the Central Board. This seems to be unworkable, so far as Rajasthan is concerned.

28—14. Such residuary benefits as Rajasthan can expect under the existing arrangements will be secured only if a firm schedule for the execution of transmission lines to Rajasthan is authoritatively laid down and scrupulously followed by all concerned.

28—15. The capital structure of the undertaking (power) is of a special character. The "partners" are virtually in the position of investors in a public utility concern, in which they enjoy no exclusive benefits and can claim only a degree of preference in the allocation of power as it becomes available. If the effective allocation of power to Rajasthan remains in future as small and uncertain as it has hitherto been, it will be for the State Government to consider whether the anticipated dividends on its investment are such as to outweigh its capital liabilities. Whether it continues as a partner or not, Rajasthan will presumably be supplied power for its power houses on the same terms as Delhi, and for its heavy industries, if any, at the same rate as the Nangal Fertiliser Factory.

28—16. According to the report of the Team appointed by the Planning Commission, the financial results in the 10th year of completion, viz., 1970-71, assuming that the project is completed by 1960-61, are expected to be as below:—

1. Rajasthan Portion Electricity Branch.	4.93%
2. Rajasthan Portion Irrigation Branch.	2.21%
3. Rajasthan Portion, Irrigation and Electricity combined.	3.05%
4. Project as a whole, Irrigation and Electricity combined.	4.01%

These estimates are changing from time to time and are necessarily of a hypothetical character.

The Chambal Project

28—17. *Broad features of the project.*—Like Bhakra, the Chambal Project is another multi-purpose joint venture, Madhya Pradesh and Rajasthan being the participating States. The project contemplates construction of a series of storage dams and a barrage to intercept the normal flow of the river. The first of these dams known as “Gandhisagar” is being constructed in Madhya Bharat. The second dam known as Rana Pratap Sagar will be located at Rawat Bhata in Rajasthan. After generating electric power at these dams, the released water will be distributed by a barrage under construction near Kota into canals on the right and left banks for irrigation use in the two States. The left bank canal will serve Rajasthan alone, while the right bank canal will irrigate lands of both Rajasthan and Madhya Bharat. On completion, this project will irrigate 14 lakh acres of area in the two States—almost 50-50 in each.

The effective power generating capacity of the project is 75,000 K.W. in the first stage and 1,48,000 K.W. in the second stage.

28—18. The arrangements for the sharing of costs and benefits follow the general principles adopted in the case of the Bhakra Nangal Project. The shares of the two Governments (Rajasthan and Madhya Pradesh) are equal and there are no outside consumers of electric power to be specially provided for.

28—19. The table given at Appendix 3 shows the distribution of the capital cost of the project between Rajasthan and Madhya Pradesh as now estimated.

28—20. The construction of Gandhisagar has been entrusted to Madhya Pradesh and that of the Kota barrage to Rajasthan Government. Both the works are in progress. A portion of the work on the canals including cross drainage works is also being carried out. For the distribution of power the load surveys are said to have been completed and the location of sub-stations etc. is likely to be finalised shortly.

28—21. Apart from construction works, adequate arrangements have to be made for the development of the area when irrigation facilities are available. On the basis of the soil survey which is said to have been completed, suitable crop patterns have to be

evolved and tested and for this purpose, agricultural experimental stations have to be established. It is understood that the problem of water logging is likely to arise. This has to be investigated and provided for in time. For ensuring synchronous progress in all these directions and co-ordinating different activities, there should be unified direction at the Secretariat and Ministerial levels.

28—22. Financial and other statistics relating to the electricity portions of the two Projects are given in the Appendices 1 and 2.

Rajasthan Canal Project.

28—23. Another major Project of great importance to Rajasthan is the Rajasthan Canal. The Scheme has just been taken up and is in the preliminary stages of organisation. The Project area (*i.e.* the districts of Shri Ganganagar, Bikaner and Jaisalmer) is thinly populated and contains large extents of un-occupied land which is said to be well suited for colonisation and development on a planned basis. The following are some of the features of the scheme:

The total estimated cost of the Project is Rs. 66.468 crores. This scheme envisages the construction of "Common Works" of Harike Barrage and Madhopur Bias Link (which have been completed), and the Rajasthan Canal in the Punjab and Rajasthan States. The cost of the "Common Works" of Harike Barrage and Madhopur Bias Link is Rs. 5.783 crores and Rs. 2.448 crores respectively. Rajasthan's share in the "Common Works" is Rs. 3.574 crores, *i.e.*, about 62% in Harike Barrage (on the basis of total draw-offs at Harike), and Rs. 1.409 crores, *i.e.* 57.5% in the Madhopur Bias Link. An expenditure of Rs. 44.54 crores is to be incurred on works within Rajasthan State and Rs. 16.94 crores on works in the State of Punjab.

The Punjab Government will excavate Rajasthan Feeder at the cost of Government of Rajasthan. There is no draw-off of supply in Punjab from Rajasthan Feeder. The total quantity of water available for irrigation in Rajasthan, as decided in the meeting held at Delhi in 1955, is 8.0 million acre feet. An area of 16.844 lakh acres is expected to be benefitted in Rajasthan State without storage and 26.2 lac acres with storage.

Receipts are anticipated by the end of the Second Plan period when, on completion of the First stage of construction, the Low

Level Branch will be irrigating an area of over 8 lac acres. From the eleventh year of its commencement, the return is expected to be 1.2%, increasing ultimately to 4.58 per cent in the 23rd year.

To make Rajasthan Canal area a 'model' of regional socio-economic development, to ensure the optimum use of the new resources, and to raise the income of the people as well as of the State, we recommend that a Development Board consisting of an Administrator, an Engineer and an Economist should be constituted. This Board should be responsible for carrying out socio-economic development of the Rajasthan Canal region on a planned basis.



सत्यमेव जयते

APPENDIX 28—1.

Bhakra Nangal Power Project—Electricity Portion.

S. No.	Item.	Approximate Cost
1.	Capital outlay for Common Pool works ..	Rs. 48.90 Crores.
2.	Share of Rajasthan out of Capital outlay for Common Pool works	Rs. 7.70 ..
3.	(a) Capital outlay for electric works exclusive for Rajasthan (66 K. V. and above) ..	Rs. 2.21 ..
	(b) Cost of works exclusive for Rajasthan but to be constructed by Punjab P.W.D. Electricity Branch (66 KV and above) ..	Rs. 0.85 ..
	(c) Cost of works exclusive for Rajasthan but to be constructed by Rajasthan Electricity Department (66 K.V. and above) ..	Rs. 1.36 ..
4.	Cost of Local Distribution Schemes in Rajasthan (below 66 K.V.)	Rs. 1.22 ..
5.	Anticipated percentage return in 1970-71 for Rajasthan Electricity portion	Rs. 4.93 %
6.	Effective generating capacity—	
	(a) at present	72,000 K.W.
	(b) as covered by the 1955 project estimates	3,65,000 K.W.
7.	Length of Transmission lines in Rajasthan by System Voltage.	
	(a) 132 K.V.	65 Miles.
	(b) 66 K.V.	85 Miles
	(c) 33 K.V.	307 Miles.
	(d) 11 K.V.	110 miles.
	In addition to this the lines exclusive to Rajasthan being constructed by Punjab:	
	(e) 132 KV	46 Miles.
	(f) 66 K.V.	63 Miles.

APPENDIX 28—2.

Chambal Power Project Stage I—Electricity Portion.

S. No.	Items.	Approximate Cost
		Rs.
1.	Capital outlay Gandhisagar Power Station (Three sets)	5.00 Crores.
2.	Share of Rajasthan of capital outlay for the Gandhisagar Power Station on the basis of 50%	2.50 Crores.
3.	Capital outlay on Electrical works exclusive for Rajasthan under Stage I (66 K. V. and above) as per revised estimate sent to C.W.P.C.	4.38 ..
4.	Cost of 33 K. V. lines under Stage I ..	0.22 ..
5.	Cost of 11 K. V. lines under Stage I ..	0.15 ..
6.	Effective generating capacity on completion of Stage I	75,000 K.W.
7.	Effective capacity on completion of Stage II i.e. one more set at Gandhisagar and three sets at Rana Pratapsagar	1,48,000 K.W.
8.	Length of Transmission lines under Stage I— (i) 132 K. V.	402 Miles.
9.	Financial return (at Rs. 235/- per K.W. year)— (i) First year of operation i.e. 1960-61 .. (ii) Fifth year of operation i.e. 1964-65 ..	3.27%. 5.56%.
	(Tariff has not yet been framed).	

APPENDIX 28—3

Allocation of cost of Common works of Chambal Project Between Madhya Bharat & Rajasthan.

S.No.	Particulars.	Total Cost in crores of rupees.	As now recommended by CW & PC.				As per decision of control Board.	
			Share of Madhya Bharat	Share of Raja- sthan	Share of Madhya Bharat	Share of Raja- sthan.		
1	2	3	4	5	6	7		
1.	Gandhi Sagar Dam	8.900	4.450	4.450	4.450	4.450		4.450
2.	Kotah Barrage	3.070	1.628	1.442	1.395	1.675		1.675
3.	Left Bank Canals and Distributaries	1.223 (Revised)	..	1.223	..	1.223		1.223
4.	Distributaries in Rajasthan on Right Bank Canals	3.460 (Revised)	..	3.460	..	3.460		3.460
5.	Right Bank Canal within Rajasthan Territory	5.655 (Revised)	4.265	1.390	4.265	1.390		1.390
6.	Right Bank Canal within Madhya Bharat Territory	13.040	13.040	..	13.040	..		..
7.	Gandhi Sagar Power Station ..	5.000	2.500	2.500	2.500	2.500		2.500
8.	Transmission Lines Northern Grid	4.050	..	4.050	..	4.050		4.050
9.	Transmission Lines Southern Grid	4.490	4.490	..	4.490	..		..
TOTAL ..		48.888	30.373	18.515	30.140	18.748		

CHAPTER 29.

Loans and Advances made by the State Government.

29—1. The appendix shows the balances outstanding on 1-4-1950, the disbursements and recoveries made during the period 1950-51 to 1956-57 and the balance as outstanding on 1-4-1957. It will be seen that the total Government Loans outstanding against Municipalities, Land Holders, Notabilities, Cultivators, Government Servants, Displaced persons etc. amounted to Rs. 379.91 lakhs on 1-4-1950.

29—2. The amount of fresh loans and advances disbursed to the various categories of recipients were as follows:—

1950-51	145.87 Lakhs.
1951-52	103.66 Lakhs.
1952-53	88.13 Lakhs.
1953-54	173.42 Lakhs.
1954-55	126.25 Lakhs.
1955-56	217.83 Lakhs.
1956-57	297.43 Lakhs.

The total disbursements made during these seven years amounted to Rs. 1152.59 lakhs, consisting of Rs. 163.07 lakhs to Municipalities, Rs. 410.24 lakhs to Cultivators, Rs. 48.32 lakhs to Government Servants, Rs. 115.41 lakhs under National Extension Service and Community Development Blocks, Rs. 407.44 lakhs to Displaced persons including Miscellaneous loans, and Rs. 8.11 lakhs to Land Holders and Notabilities.

29—3. The recoveries made during these years amounted to Rs. 436.39 lakhs only, details of which are as follows:—

1950-51	26.58 lakhs.
1951-52	28.59 lakhs.
1952-53	39.78 lakhs.
1953-54	64.14 lakhs.
1954-55	62.76 lakhs.
1955-56	75.26 lakhs.
1956-57	139.28 lakhs.

29—4. The outstanding balance has increased from Rs. 379.91 lakhs on 1-4-1950 to Rs. 1096.11 lakhs on 1-4-1957. The Accountant General was asked to indicate the amounts that fell due year to year but he has expressed his inability to supply this information. He was also asked to state whether the balances were got confirmed by the loanees to which he has replied that the balances are intimated to the loanees or departments after the close of the accounts of the financial year, but their acceptance is not received in a large number of cases.

There may be some doubts with regard to the actual outstandings on 1-4-1950, specially in cases of loans to Land Holders and Notabilities but with regard to loans that have been disbursed after the formation of Rajasthan, it has to be presumed that the figures given in the Appendix are correct. In the absence of information as to the amounts that fell due year to year, it is difficult to say how the recoveries compare with the instalments due, but generally speaking the recoveries must be said to be poor.

29—5. The position with regard to the different categories of loans and advances may be briefly considered under the following heads:—

Loans to Municipalities.

29—6. The total amount of loans due from Municipalities, including loans for water, electricity and other works, amounted to Rs. 71½ lakhs up to 31-3-1956. A large amount (Rs. 79.15 lakhs) was disbursed to them in 1956-57. The loans being granted for short periods (5 to 10 years) the recoveries from 1950 to 1957 should have been much higher than the amount of Rs. 14.65 lakhs shown in the appendix. The paying capacity of the Municipal Boards being limited the outstandings of Government loans (as well as water and electricity dues) are accumulating year after year. In many cases the Government has had to deduct the loan instalments from the yearly grants-in-aid allotments. The realisation of the loans is one aspect of the more general question of organising the municipalities as effective and viable units of Local Self-Government. Meanwhile there is no reason why the loan instalments and other dues should not be recovered strictly from those Municipalities which could afford to repay.

Loans to Land Holders and other Notabilities.

29—7. The books of the covenanting States showed fantastic amounts as being due from certain Jagirdars. An Official Committee

which scrutinised the accounts pointed out that while the principal of certain outstanding loans was about Rs. 40 lakhs, a sum of over Rs. 10 crores had been booked as accumulated interest thereon. But even after correction of such inflated figures, the outstanding total amount of loans would be still very considerable. Some recoveries have been effected during the period 1950 to 1957 and it is understood that the balance of Rs. 98.64 lakhs is likely to be recovered to a substantial extent from the compensation payable to Jagirdars. This work of settling the compensation claims of Jagirdars has to be speeded up, as stated elsewhere in the report.

Advances to Cultivators.

29—8. With regard to these advances, which consist of ordinary taccavi advances, famine advances, advances for installation of pumping sets, and special loans for mechanised cultivation, the Public Accounts Committee (1955-56) has observed that "In spite of the successive Committees pursuing this matter since 1953 on the whole no effective steps have been taken by the Government to improve the condition". The Committee has pointed out that out of 379 persons to whom advances were sanctioned for installing pumping sets, 123 parties have not at all purchased any pumping sets. A similar state of things prevailed with regard to loans for mechanised cultivation. The Committee, however, noted that a new procedure had been laid down for payment by the department to the supplying firm directly. In 3 out of 6 cases of loans granted in 1955-56 in Jaipur Tehsil the machinery was not hypothecated to Government and this happened in spite of repeated recommendations of successive Committees.

Loans to Government Servants.

29—9. As recoveries are regularly made out of pay bills, these loans present no difficulty.

Loans and Advances under Community Development Programme.

29—10. The outstandings stand at a high figure of nearly one crore and recoveries cannot be said to be satisfactory.

Loans to displaced persons.

29—11. These loans were given for a variety of purposes. Some of them were written off under the orders of the Government of India; the balance outstanding recovery on 31-3-1957 is about Rs. 292 lakhs (including Ajmer). For reasons mentioned in the note on Relief & Rehabilitation of displaced persons it is feared that losses due to non-recovery of these loans may be heavy. The Public Accounts Committee (1957-58) has commented on the slow recovery of these loans and non-maintenance of proper records (Para 44—page 41 of the Report).

Other Miscellaneous Loans.

29—12. Under this head are included loans given for Industrial purposes. Complaints were often heard of loans having been obtained for developing small scale and cottage industries by parties who had no such bona fide purpose in view. The rules require that proper securities should be taken for the loans, that the loanee shall furnish a monthly statement showing how the loan is being spent and a quarterly report about the progress of the industry. We have reason to believe that these rules have not been observed in a number of cases. It is believed in some quarters that these loans have not been always utilised for the purpose for which they were granted and that the setting up of mixed bodies of officials and non-officials to sanction or advise on loan applications, far from preventing the misuse of loaned funds, has only aggravated the evil. A thorough investigation into these matters seems to be called for.

29—13. Special loans of large amounts have been sanctioned or promised by the Government in the following cases:—

- | | |
|--|---------------|
| (a) Messrs. Jaipur Udyog Ltd., Sawai Madhopur. | Rs. 60 lakhs. |
| (b) Messrs. J. K. Investments Co. of Kanpur for construction of a Nylon Factory. | Rs. 20 lakhs. |
| (c) Messrs. Jaipur Metals for expansion of their factory. | Rs. 15 lakhs. |

When loans of this magnitude are applied for, it would be appropriate for the parties to approach institutions which have been set up for the express purpose of financing industries. It is only in special circumstances that they should be sanctioned by the Government from its own resources which are limited and which consist for the most part of borrowed funds.

29—14. The Public Accounts Committee has observed that delay in the recovery of loans is likely to affect the ways and means position of the State adversely and expressed the hope that serious and immediate attention would be given to this matter.

STATEMENT OF LOANS

Heads of Account	Balance due on 1-4-1950	DISBURSEMENTS					
		1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
Loans to Municipalities	9.04	.71	3.42	5.79	14.00	24.98	35.02
Loans to Distt. and other Local Fund Committees.	1.04	..	..	..	..	..	..
Loans to Land Holders & other Notabilities	150.73	.39	.54	1.55	.01	.60	1.29
Advances to Cultivators	28.11	29.22	39.74	48.43	99.67	57.70	62.86
Loans to Government Servants	11.78	5.93	5.91	1.74	2.36	4.86	9.07
Loans & Advances under Community Development Programme	..	..	..	..	10.95	24.12	31.86
MISCELLANEOUS							
Loans to Displaced persons	110.17	107.48	46.59	24.73	10.20	4.33	77.73
Other Miscellaneous Loans	71.04	2.14	7.46	5.84	35.23	9.66	
TOTAL ..	379.91	145.87	103.66	88.13	173.42	126.25	217.83

AND ADVANCES.

1956-57	RECOVERIES								Total	Total balance
	Total	50-51	51-52	52-53	53-54	54-55	55-56	56-57 Preliminary Actuals		
Preliminary Actuals										
79.15	163.07	.60	1.07	.31	3.15	4.06	4.06	1.40	14.65	157.46
..	..	.05	..	..	.87	.01	.01	..	.94	.10
3.73	8.11	9.49	7.92	6.96	6.01	18.59	4.92	6.31	60.20	98.64
72.62	410.24	7.70	11.83	15.70	35.49	28.35	40.43	61.34	200.84	235.51
18.45	48.32	4.57	3.89	3.94	4.22	3.78	4.99	6.84	32.23	27.87
48.48	115.41	..	..	..	.08	1.30	4.62	9.77	15.77	99.64
1.74		2.72	1.52	6.92	4.09	6.20		35.68		
	407.44						16.23		111.76	476.89
73.26		1.45	2.36	5.95	10.23	.47		17.94		
297.43	1152.59	26.58	28.59	39.78	64.14	62.76	75.26	139.28	436.39	1096.11

NOTE.

Relief and Rehabilitation of Displaced Persons.

1. Rajasthan was one of those States which had to accommodate a large number of displaced persons from West Pakistan following the partition of India. Besides, it had its own local problem of resettling the Meos who returned to their homes after a temporary migration to Pakistan.

2. The total number of settlers in Rajasthan including Ajmer was 3,84,700. The expenditure incurred on their relief and rehabilitation up to the end of March, 1957 amounted to Rs. 6,81,66,783/-. The break-up of this figure is given below:—

Establishment.	Rs. 47,95,312/-
Relief.	Rs. 2,04,16,056/-
Grant of loans.	Rs. 4,29,55,415/-

3. The State Government received grant-in-aid of 20% of the expenditure on establishment, which has now been reduced to 10% for 1957-58 while the relief expenditure is fully reimbursed.

4. The relief expenditure was incurred on accommodation, transport, feeding, clothing and medical charges in refugee camps, maintenance of homes for unattached women and children and for infirm and destitute persons, vocational training and grants-in-aid for education, T.B. sanatorium etc.

5. The current year's budget makes a provision of Rs. 3,44,000/- for establishment charges. Of this a moiety is payable by the Government of India. The State's share comes to Rs. 3,09,600/-. For relief and rehabilitation under all heads, the budgetted expenditure of Rs. 14,18,000/- is wholly met by the Government of India.

Loans.

6. A total amount of about Rs. 430 lakhs has been disbursed in the form of loans up to the end of the year 1956-57. The details of the disbursement are as follows:—

Rural loans.	Rs. 2,25,64,277/-
Urban loans.	Rs. 79,54,251/-

Housing loans.	Rs. 65,75,207/-
Educational loans.	Rs. 31,187/-
Construction works (Upto 31-3-1956).	Rs. 57,52,987/-

The above figures do not include disbursement in Ajmer and Abu prior to 31-10-1956 which amounted to Rs. 22 lakhs.

7. The funds required for granting different kinds of loans were supplied by the Government of India on the understanding that 50% of the losses due to short recovery would be borne by the State and 50% by the Central Government. For various reasons which will be mentioned hereafter very little progress has been made with the recovery of the loans granted to the displaced persons either directly or through co-operative institutions.

8. The Government of India have ordered remission or waiver of certain classes of loans as noted below:—

1. Food loans. These are now treated as free grant to the displaced persons.
2. Urban loans of and below Rs. 300/- in case of non-claimant.
3. Educational loans to non-claimant students.
4. Sewing Machine loans.
5. Loans of and up to Rs. 300/- given to rural artisans.

The total amount remitted under all these heads comes to Rs. 26,29,000/-.

9. Under the interim compensation scheme introduced in 1953, loans and other public dues from displaced persons and the value of properties transferred to them were adjusted against the compensation payable to approved claimants. The amount thus adjusted so far comes to Rs. 54,99,807/0/1.

10. After writing off or adjusting some of the loans in the manner set out above, the balance of outstanding recovery on 31-3-1957 was about Rs. 2,77,00,000/- and Rs. 15 lakhs for Ajmer and Abu.

11. The recovery of loans in cash was of the order of Rs. 24,75,000/- up to 31-3-1957.

12. In the beginning the settlement work was done in a hurry and the needful formalities were not attended to in a large number of cases with the result that loan ledgers, demand registers etc. were left incomplete. In a number of cases bonds were not got executed,

or if executed, the bonds were defective. Surety bonds were not taken. Photographs of loanees were not attested by any responsible officer. Besides this a number of loanees have absconded.

In these circumstances, it is doubtful if a substantial portion of the loans is recoverable.

13. The Department has completed Rural loan accounts records in respect of 16,115 displaced persons to whom rural loans of the aggregate amount of Rs. 83,05,268/- had been given. The records have been forwarded to the concerned Collectors for recovering the dues as arrears of land revenue.

14. The number of loanees and the aggregate loan amount outstanding under the head 'Urban' loans are as under:—

No. of loanees.	1,35,391
Amount of loan.	Rs. 81,35,741/-

Loans to Co-operative Housing Societies.

15. Loans aggregating Rs. 61,21,058/- have been advanced to 9 Co-operative Societies for construction of houses. The biggest single recipient of this loan is Bhupal Co-operative Housing Society Ltd., Udaipur to which nearly Rs. 34 lakhs have been paid. Only a sum of Rs. 8,09,037/- has been recovered from the Society, which has since been ordered to be liquidated. The recoveries from the other Housing Societies also are very poor.

16. The Government of Rajasthan has made representations to the Government of India that since the loans were advanced for the resettlement of displaced persons as a result of the partition of the country, it was mainly for the Central Government to bear all the losses sustained in a national cause. The Government of India, it is said, are reconsidering the question of how the losses should be shared. It is to be hoped that an undue share of this burden will not be placed on the State Government.

Statement of Loans Due to be Recovered and Balances outstanding as on 31-3-1957.

Rajasthan Account.	Amount due for re- covery on 31-3-1957.	Amount recovered up to 31-3-1957.	Balance outstanding on 31-3-1957.	Remarks.
Rural loans ..	2,18,93,204-0-0	8,40,434-0-0	2,10,52,770-0-0	
Urban loans ..	89,68,542-0-0	24,17,070-0-0	65,51,472-0-0	
Sewing Machine ..	1,20,520-0-0	42,386-0-0	78,134-0-0	
Educational loan ..	31,187-0-0	10,590-0-0	20,597-0-0	
Housing loan ..	3,44,969-0-0	(*)12,63,578-0-0	..	(*) This includes re- coveries from B.C. H.S. which is now under liquidation.
TOTAL ..	3,13,58,422-0-0	45,74,058-0-0	2,77,02,973-0-0	
Ajmer & Abu.				
Rural loan ..	77,518-8-0	12,953-0-0	64,565-8-0	
Urban loan ..	19,75,004-0-0	4,68,869-0-0	15,06,135-0-0	
Education ..	35,490-0-0	8,981-0-0	26,509-0-0	
Housing ..	3,500-0-0	3,500-0-0	..	
TOTAL ..	20,91,512-8-0	4,94,303-0-0	15,97,209-8-0	
GRAND TOTAL ..	3,34,49,934-8-0	50,68,361-0-0	2,93,00,132-8-0	

CHAPTER 30.

Debt position.

30—1 The following table shows the liabilities and assets of the State as on 31-3-56 and 31-3-57.

	As on 31-3-56.	As on 31-3-57.
<hr/>		
<i>Liabilities</i>	<i>(Figures in lakhs of Rs.).</i>	
Public Debt	4728.51	6099.49
Contingency Fund	25.00	100.00
Unfunded Debt	213.69	336.43
Deposits and Advances	764.98	525.68
Remittances	— 304.04	—292.82
	<hr/> 5428.14	<hr/> 6768.78
<hr/>		
<i>Assets. (interest yielding).</i>		
Loans and Advances by State Government ..	987.76	1262.15
Investments	1356.47	1413.51
Cash Balance	63.56	21.16
	<hr/> 2407.79	<hr/> 2696.82

The following table gives a progressive account of capital expenditure outside the revenue account.

	Up to 1955-56.	Up to 1956-57
Construction of Irrigation, Navigation works ..	1247.93	1603.83
Capital Outlay on Improvement of Public Health ..	26.94	79.90
Capital Outlay on Scheme of Agriculture Improvement and Research .. .. .	..	16.14
Capital Outlay on Industrial Development ..	225.56	240.09
Capital Outlay on Multi-purpose River Schemes ..	1967.82	2051.41
Capital Account of Civil Works	525.00	783.29
Capital Outlay on Electricity Schemes ..	174.95	235.97

	Up to 1955-56	Up to 1956-57
Capital Outlay on other State works ..	47.57	48.36
Payment of commuted value of pensions ..	..	0.51
Capital Outlay on Road Transport Schemes ..	4.67	4.67
Payment of compensation to landholders on the abolition of ex-Zamindari system ..	..	9.61
Capital Outlay on State schemes of Government Trading	361.97	205.65
Appropriation to Contingency Fund	50.00	100.00
TOTAL ..	4632.41	5379.43
Total assets and capital expenditure outside the revenue account	7040.20	8076.25

30—2. It will be seen that the statement of capital expenditure includes a number of items, such as roads and buildings, which are clearly unproductive. Provision is now being made for a larger number of such works in the capital section of the budget, instead of in the revenue budget as before. Even among apparently productive assets such as irrigation and electricity works, only a few can be said to be productive in the technical sense of being likely to give a return at 4% (or other prescribed rates), on the outlay not later than 10 years after completion.

30—3. So far as interest yielding assets are concerned, their value exceeded interest bearing obligations by Rs. 7.10 crores on 31-3-51. At the close of 1956-57, their value fell short of such obligations by about Rs. 40 crores.

30—4. The recommendations of the Second Finance Commission which have been accepted by the Government of India will have a far reaching effect on the debt position of the State. The balance of Central loans outstanding on 31-3-57 was Rs. 4645.38 lakhs consisting of three categories:—

- | | |
|--|---------------------------|
| 1. Loans for the rehabilitation of displaced persons. | Rs. 384.35 lakhs. |
| 2. Loans for multi-purpose river valley projects (common works). | Rs. 2414.69 lakhs. |
| 3. Remaining loans. | Rs. 1846.34 lakhs. |
| | <u>Rs. 4645.38 lakhs.</u> |

With regard to item 1, agreeing with the Finance Commission, the Government of India have decided that "the States be allowed

to pay to the Union only the amount of principal and interest collected, including arrears, if any". This was precisely what the Government of Rajasthan (and other Governments similarly situated with regard to re-settlement of displaced persons) had long been asking for and their request has been unreservedly met. The State authorities will have, of course, to continue their efforts to recover loans and advances given to displaced persons but the State will be under no obligation to make good any short collections. In other words, item 1 above mentioned—Loans for the rehabilitation of displaced persons—will cease to be a part of the State's public debt.

30—5. With regard to items 2 and 3 viz., Loans for multi-purpose River-Valley Projects (common works) and 'Remaining Loans' the following are the relevant recommendations of the Finance Commission:—

(i) The balances on 31st March of all loans carrying interest at three per cent. or more per annum received up to end of March, 1956 and repayable on or after 1st April, 1977, be consolidated into one single loan at 3 (three) per cent. per annum repayable on 31st March, 1987;

(ii) The balances on 31st March, 1957 of all loans carrying interest at 3 (three) per cent. or more per annum and repayable on or before 31st March, 1977 be consolidated into one single loan at 3 (three) per cent. per annum repayable on 31st March, 1972;

(iii) The balances on 31st March, 1957 of all loans carrying interest at less than three per cent. per annum and repayable on or after 1st April, 1977 be consolidated into one single loan at $2\frac{1}{2}$ (two and a half) per cent. per annum repayable on 31st March, 1987; and

(iv) The balances on 31st March, 1957 of all loans carrying interest at less than 3 (three) per cent. per annum repayable on or before 31st March, 1977 be consolidated into one single loan at $2\frac{1}{2}$ (two and a half) per cent. per annum repayable on 31st March, 1972.

30—6. The Rajasthan Government has taken 155 loans from the Central Government for a variety of purposes, including a ways and means advance. The terms of amortisation and rates of interest vary in respect of the different loans. While a few of them carry rates of interest below 3% the largest number are in the range

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of 3 per cent. to 4 per cent. Most of the loans are repayable in equated instalments over a specified period. The Bhakra Nangal loans were repayable in full after 15 years of the date of receipt.

30-7. The broad effect of the Finance Commission's recommendations is that—

(a) in no case will interest be payable at a rate higher than 3%; in some cases it may be less i.e. $2\frac{1}{2}\%$.

(b) in no case will repayment be required before 31st March, 1972 in respect of medium term loans or before 31st March, 1987 in respect of long term loans.

By standardising, at reduced rates, the interest on Central loans and even more by voluntarily declaring, so to speak, a moratorium on the repayment of these loans, the Government of India have eased the debt position of the States.

30-8. The Second Five Year Plan provides for an expenditure of Rs. 74 crores on capital account. Assuming that there might be a shortfall of 20% the total expenditure on this account during Plan period would be Rs. 60 crores. To this should be added possible revenue deficits in the intervening years and any capital expenditure on schemes outside the Plan which the State Government may undertake. The whole of these capital requirements will have to be financed by loans obtained from the Central Government or in the open market. Corresponding to the growth of the State debt, the provision for payment of interest will rise from year to year.

30-9. It is estimated that at the close of the year 1960-61 the debt liabilities of the State would increase to about Rs. 110 crores on account of Plan expenditure and otherwise. The interest on this debt at 3% per annum would be nearly Rs. 330 lakhs without much tangible return from the productive undertakings to offset it.

In addition, interest will have to be paid on compensation bonds issued to Jagirdars.

30-10. The magnitude of the burden of interest charges on debt is somewhat obscured by the "transfer" of some of these charges to various other heads. The interest on the outlay on multi-purpose river projects is thus transferred, without actual payment, to the capital account of these projects.

The Finance Commission have pointed out that "in respect of major works, like Bhakra Nangal, Hirakund and Chambal,

which are in process of construction, the interest on outlay is still being added on to capital. We apprehend that some time towards the end of the Second Five Year Plan period, when some of these projects will be completed, the impact on the revenue budgets of the results of their working will cause anxiety”.

30—11. *Commitments.*—The Government of Rajasthan has stood guarantee in respect of loans raised by Co-operative Societies, Central Co-operation Industrial Marketing Federation, Rajasthan State Co-operative Bank Ltd. These are in the nature of Contingent liabilities of the State Government. The maximum amount guaranteed was Rs. 50 lakhs. The outstandings of loan covered by Government guarantee were Rs. 24,53,670 on 31st March, 1956.



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CHAPTER 31.

The Outlook.

31—1. As has been stated in Chapter 8, the Finance Commission's award has resulted in an addition of Rs. 370 lakhs to the annual revenue resources of the State. This is indeed a handsome and timely "aid package" given to the State but it is not without strings.

"By the devolution of revenue which we propose" the Commission point out, "the States will be receiving a significant measure of assistance which will enable them to implement the plan. We wish to emphasize that they cannot wholly depend on this; they will have to help themselves by raising at least the additional revenue expected of them towards the execution of the current plan, by securing all economies in administrative expenditure and by maximising their revenue through the tightening up of the machinery for collection and by the recovery of overdue arrears".

31—2. Elsewhere in the Report the Commission observe "We cannot over emphasize the paramount importance of States balancing their revenue budgets. We have framed our scheme of devolution so as to enable them to do so. With a massive development plan under implementation, there is a grave risk of the budgetary deficit of the States endangering the country's economy by adding to the inflationary potential. Now that all expenditure creating permanent assets are being treated as capital outlay, deficits on current account covered by borrowing result in an unfair shifting by the present generation of its burden to future generations. Development expenditure should, therefore, be adjusted to the available resources and States should not run into revenue deficit even for meeting such expenditure. We earnestly trust that they will bear this in mind in shaping their financial policies".

31—3. As a result of the tax effort hitherto made by the State Government, now reinforced by a large measure of devolution of Central resources on the recommendation of the Finance Commission, the State has regained a position of financial stability and will be able to devote Rs. 2 to 3 crores of its annual revenue to the implementation of the plan.

31—4. Taxation measures have been pushed sufficiently far already. Further effort in this direction can only produce marginal increases in revenue.

It is important at this stage to tighten the machinery for the assessment and collection of the new as well as the old taxes.

Statistics and other data bearing on possible new measures of taxation should be collected by the departments concerned and maintained up-to-date so that they may be forthcoming, when required, at short notice.

The study of possible economies in administrative expenditure is no doubt important, but it is even more important to explore possible economies in development expenditure.

31—5. The Commission has stressed "the paramount importance of States balancing their revenue budgets". This will be facilitated by the proposal of the Commission to relieve revenue account by the omission therefrom of (1) provision for payment of compensation to Jagirdars and (2) provision for reduction or avoidance of public debt. This would however leave the redemption of debt in a state of uncertainty, unless it is to be assumed that the Government of India will be prepared to renew all Central loans as they expire and also provide the ways and means to meet other debt obligations of the State.

31—6. Owing to increase of public debt on account of plan expenditure interest charges would increase by about 180 lakhs. This increase in interest charges will have to be wholly met by actual payment, as with the completion of multi-purpose river projects the present practice of adding interest on outlay to the capital will cease. It is feared that in the latter part of the plan period, it would not be possible to balance the revenue budget unless "development expenditure is adjusted to the available resources". As the Finance Commission have pointedly said, "the State should not run into revenue deficit even for meeting such expenditure".

N. Madhava Rau, Chairman.

G. S. Purohit.

Shyam Lal.

M. V. Mathur.

Ram Prasad Ladha.

Harish Chandra Mathur.

Madan Gopal Kabra.

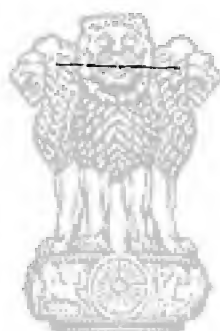
Members.

K. K. Sehgal,

Secretary.

Jaipur,

Dated:—24th March, 1958.



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Summary of the Report.

The report is presented in four Parts corresponding broadly to the Terms of Reference of the Committee.

In Part I—"General Review—the trends of public revenue and expenditure are reviewed and the inadequacy of the existing resources to meet the progressively increasing expenditure of the State Government is indicated (items (1) and (2) of the Terms of Reference).

Part II—"Revenue and Taxation" forms the subject of Part II. The existing structure of taxation and the modifications to be made in it, in the light of the pattern recommended by the Taxation Enquiry Commission, are examined in detail. Sources of non-tax revenue e.g. irrigation, electricity undertakings and mineral resources are also considered with reference to their present yields and potentialities. (Item 3 of the Terms of Reference).

Part III—"Economy in Government expenditure"—deals in outline with item 4 of the Terms of Reference.

In Part IV entitled "Assets and Liabilities"—the debt position of the State is reviewed, particularly with reference to "Central Loans" and in the light of the II Finance Commission's recommendations with regard to these loans (Item 5 of the Terms of Reference).

Chapter 31 indicates the financial outlook.

The following is a summary of the Report, including the main conclusions and recommendations of the Committee.

PART I—General Review.

CHAPTER I—Review of Financial Position.

Since the formation of Rajasthan in 1949, the State budget has steadily grown in size and undergone changes of pattern, both in respect of receipts and of expenditure. On the receipts side, it shows the effect of Federal Financial Integration and on the expenditure side, the impact of national planning. Revenue deficits and the beginning of a permanent debt marked the close of the period under review. Between the years 1951-52 and 1956-57 the total income of

the State increased by 61 per cent, in spite of the abolition of internal transit duties. The payment of a share of Union taxes and of grants-in-aid by the Central Government, the levy of Sales Tax and the resumption of Jagirs by the State Government contributed to the increase of revenue.

During the same period expenditure rose in an even higher proportion (69 per cent). The increase of expenditure was mostly in the Development Departments.

Until 1954-55 there was a succession of revenue surpluses, which have since given place to revenue deficits. The deficit in the budget estimates for 1956-57 corresponds approximately to the amount of proposed outlay on the Second Five Year Plan (I-14).

The capital expenditure incurred during the period (for the most part on productive undertakings) was financed by borrowings from the Central Government, a loan raised in the open market, and, to an appreciable extent, by invested funds inherited from the former Covenanted States, together with revenue surpluses realised till 1954-55.

The following were the important events and developments of the period which have a special financial significance. They are dealt with in Chapters 2 to 7.

2. Federal Financial Integration.
3. Administrative Reorganisation.
4. Abolition of Jagirs.
5. First Five Year Plan.
6. Second Five Year Plan.
7. States Reorganisation, 1956.

CHAPTER 2—*Federal Financial Integration.*

In pursuance of the recommendations of the First Finance Commission, the State received a sum of Rs. 302 lakhs per year on the average as its share of Union Excise duties and Income-tax and as special grant for primary education, during the period 1952-53 to 1956-57 (2-20).

On the recommendation of the Gadgil Committee, an outright grant (instead of a loan) of Rs. 150 lakhs was given to the State for the First Five Year Plan and also a special grant of Rs. 150 lakhs for administrative buildings (2-23).

With the withdrawal of armed forces as a result of Federal Financial Integration, the Police had to be strengthened. An appreciable part of the expenditure on the Rajasthan Armed Constabulary is occasioned by the 700 miles of common boundary with the State of Pakistan. The State has a special claim for a contribution from the Central Government to meet this expenditure. The Second Finance Commission has recognised the validity of this claim and provided for it in its estimate of the State's committed expenditure. The Commission has also recommended that if in future the forces or its equipment have to be increased or strengthened, *ad hoc* assistance should be given to the State (2-12).

CHAPTER 3—*Administrative Reorganisation.*

The unification of services and upgrading of scales of salaries involved a recurring expenditure of about Rs. 150 lakhs. Enhancement of dearness allowances early this year involved further expenditure of Rs. 65 lakhs (3-5).

The number of officers has risen from 2035 in 1951-52 to 4954 in 1957-58 (B.E.). There has been also considerable increase in ministerial establishments and class IV Servants. (3-3).

CHAPTER 4—*Abolition of Jagirs.*

The abolition of Jagirs in Rajasthan, including Ajmer, entails non-recurring expenditure of the order of Rs. 40 crores, in respect of compensation and interest payable to Jagirdars and cost of settlement operations. Compensation is payable in instalments over a period of 15 years.

Recurring expenditure of about Rs. 60 lakhs has also to be incurred to set up regular administration in the ex-Jagir areas.

The increase of land revenue ultimately accruing to the State by the abolition of Jagirs is estimated at Rs. 300 lakhs. Nearly 4/5th of this amount is being realised from estates already resumed.

The out-turn of work in the Jagir Department is very poor. Only 78 claims have been finally disposed of after all these years, although there is a large establishment of officers, accountants, clerks, etc. costing more than Rs. 11 lakhs per year. This is in striking contrast with the progress in Ajmer where more than 1700 cases were finalised in one year with a relatively small staff. (4-23, 25, 26).

The procedure followed by the department in dealing with claims seems to be complicated and among other defects does not

provide for the Treasury point of view being put forward independently before the adjudicating and appellate authorities (4-29).

CHAPTER 5—*First Five Year Plan.*

The Planning Commission have noted that the State's resources were appreciably reinforced by the awards of the First Finance Commission and the Gadgil Committee, and also as a result of new taxation measures. But the State's contribution to the financing of the plan fell short of the targets. There was, however, increase in development expenditure outside the State Plan from Rs. 6 crores in 1951-52 to Rs. 11.2 crores in 1955-56. (5-8).

Out of the total expenditure of Rs. 51 crores on the State Plan, including Bhakra and Chambal Schemes, two-thirds (or about Rs. 34 crores) constitute investment outlay, the balance being revenue expenditure or unproductive capital expenditure. (5-15, 16).

The permanent recurring commitments directly arising from the First Plan were of the order of Rs. 171 lakhs. (5-17).

CHAPTER 6—*Second Five Year Plan.*

The State is expected to finance the Plan to the extent of Rs. 27.6 crores—Rs. 8 crores by additional taxation etc. and the balance by raising public loans, collections under small savings schemes and sale of securities. (The target of new taxation has since been increased to Rs. 11 crores). (6-11).

The recurring liabilities arising from the Second Plan would roughly be of the order of Rs. 6½ crores. (6-15).

For schemes of a productive character, targets of financial return should be fixed (in addition to expenditure and physical targets) and the achievement reviewed from time to time. (6-17).

CHAPTER 7—*States Reorganisation, 1956.*

The inclusion of the former Part 'C' State of Ajmer in the State of Rajasthan means an addition of Rs. 1½ crores to the State's annual revenue deficit, which should be met as before by Central subvention. In fixing the grant-in-aid to be given to the State revenues at Rs. 250 lakhs, the Finance Commission has apparently taken this factor into consideration.

CHAPTER 8—*Budgetary Trends.*

The main factors accounting for increase of revenue and expenditure during the period 1951-57 are mentioned and a tabular statement is appended to show variations from year to year.

As a result of the recommendations of the Second Finance Commission, the State will receive a net addition of Rs. 370 lakhs to its annual revenue. (8-9).

Rs. in lakhs.

1. By grant-in-aid of Rs. 250 lakhs in replacement of the subvention of Rs. 150 lakhs payable to former Part 'C' State of Ajmer.	100
2. By increase in share of Central Income-tax and Excise Duties (as compared with actuals 1956-57) approximately.	135
3. By taxes on Railway fares.	100
4. By reduction of interest charges on Central loans.	35
Total	Rs. 370 lakhs.

Other conditions remaining the same, the additional resources accruing to the State from the Finance Commission's award should enable the Government to cover the deficit in the current year's Budget and to realise a surplus of Rs. 34 lakhs. (8-7).

PART II—*Revenue and Taxation.*CHAPTER 9—*Fiscal Background.*

Illustrative statistics are given to show the changes that have taken place in the size and pattern of the State revenue and the increasing dependence of the State on shared Central taxes and Central grants.

Although the State list of taxes extends to 16 or more items these taxes cover in the aggregate a limited field,

CHAPTER 10—*State's Tax Effort.*

A series of fiscal measures have been adopted since the commencement of the First Five Year Plan, (10-3 to 10-12). According to the Planning Commission, the achievement of the State by way of additional taxation during the period 1951-1956 was Rs. 2.6 crores, against the target of Rs. 3.3 crores. Actually, the yield from new taxes was much more. But as this was off set by loss of revenue from internal transit duties, the effect of new taxation is obscured and total receipts from the different heads of State taxation stand to day at more or less the same level as in 1951-52. (10-13 and 15).

CHAPTER 11—*Land Revenue.*

The system of land revenue settlements and tenures and the incidence of assessment in typical tracts of the State are briefly described.

CHAPTER 12—*Land Revenue (Continued).*

Surcharge on land revenue.—The incidence of land revenue is unequal in different parts of the State. It is unusually high in some cases. Until the inequalities are evened out to the extent possible by the process of resettlement, it is undesirable to levy any surcharge on land revenue, in the shape of a proportional addition to existing assessments. (12-7).

But surcharge at progressive rates on land revenue (Rs. 100 upwards) payable by larger land owners may be levied in place of the agricultural income-tax. Compared to this tax, the surcharge will have a wider coverage and its mode of assessment will be simpler and less troublesome to land owners. The following are the rates of surcharge proposed.

Where the amount of land revenue payable

(1) exceeds Rs. 100 but does not exceed Rs. 250	6½%
(2) exceeds Rs. 250 but does not exceed Rs. 500	12½%
(3) exceed Rs. 500	25% on the entire revenue payable.

For reasons stated, the Committee also consider that only 1/3rd of the assessment payable on Nehri and Chahi lands should be taken into account for the purpose of calculating the total revenue on which surcharge is to be levied. (12-9).

Urban Assessment on Lands.—Nazrana as well as Urban assessment may be levied (as in Jaipur City, but on a more moderate scale) for lands used for non-agricultural purposes in and near important towns and commercial centres. The charge should be higher when land is used for industrial purposes than when it is used for residential purposes. On lands used for construction of houses in rural areas, the capitalised value of assessment should be recovered once for all and freehold rights granted to the owners. (12-13).

Cesses on commercial crops.—It is difficult to assess the area on which matured crops have been raised, and more so to estimate the value of marketed produce. Levy of an acreage cess affords room for leakage and corruption.

Increase of water rate (of Re. 1/- per acre) on cotton and zeera grown in project areas is suggested. (12-15).

Resettlement.—Resettlement work should be mainly of the nature of standardisation of assessments with reference to (a) value of the State's share of produce and (b) scale of commutation prices. (12-22).

If the procedure is simplified as suggested in the report, resettlement work could be carried out expeditiously and with a greatly reduced staff. (12-25).

CHAPTER 13—*Local Cesses on Land Revenue.*

The collection of Malba and Patwari cesses has been discontinued in most districts, following instructions issued by Government in 1955 and 1956. The amount of revenue sacrificed by this decision is not ascertainable but must run to lakh of rupees. Lambardars and other village officers who were paid their remuneration from the proceeds of these cesses have now to be paid from the Consolidated Fund.

Local rates are levied (at varying rates) in some districts and the proceeds are paid to District Boards. This is done under old laws and not under the provisions of the District Boards Act, 1954.

Panchayats are empowered to impose taxes (akin to local cesses) under section 64 of the Rajasthan Panchayat Act, 1953, but this provision has not been implemented. Panchayats are receiving, instead, a share of land revenue collected in their jurisdictions.

The law has to be brought into conformity with prevailing practice. The Committee suggests that for the present a consolidated cess of land revenue be levied and the proceeds of the cess utilised for—

(a) payment of remuneration to village officers and servants who till 1955 were remunerated from Patwar and similar cesses; and

(b) for payment of compensation to District Boards for



Water Charges.—There are different schedules of occupier's rate for old projects. More recently 3 new schedules of rates were prescribed for (a) Gang Canal area, (b) Bhakra and Gaggar Canal area, and (c) all other irrigation projects completed after 1952. The rates in the schedules of old projects differ considerably from one another and, as compared with the new scheduled rates, are on the low side. The rationalisation of the various schedules is necessary. Two or three standard schedules should meet all requirements. (15—10).

In some tracts Nehri lands are assessed to combined water rates. These rates are considerably lower than the scheduled rates for new projects. But they do not admit of revision until the next resettlement. (15—11).

If Nehri and Chahi lands come within the command of a new project, and receive additional supply of water from it, scheduled water rates may be levied subject to the adjustments mentioned in para 15—12.

With regard to the booking of irrigation dues, there is a lack of understanding between the Revenue and Irrigation Departments. Consequently, lands irrigated by new projects seem to have escaped assessment from water rates in some cases. Explicit instructions should be issued as regards the responsibilities of the Irrigation and Revenue Departments. (15—13).

Betterment Charges.—For working out betterment charges, Boards have been appointed in respect of 50 projects but none of the Boards has submitted its report. There are 20 more projects for which Boards have to be appointed when the completion phase is reached. The importance of expediting this work needs no emphasis. (15—16).

Waste Lands.—Correct lists of waste lands which have become irrigable by construction of new projects and their estimated value should be compiled and systematic steps taken for bringing them rapidly under cultivation. (15—19).

Maintenance of Irrigation works.—For medium and minor projects the Revenue Department would probably be a less costly agency for assessing and booking demands of water charges. (15—21).

The system of "agreement rates" may be adopted where it is feasible. (15—22).

The Government decision to entrust to the Panchayats the management of minor works (i.e. works which irrigate less than 50 acres of land) has not been implemented owing to certain points

of doubt. The position should be clarified as early as possible. (15—24).

CHAPTER 16.

State Excise Duties.

The Commissioner for Excise and Taxation has pointed out various administrative difficulties in the way of introducing prohibition in Rajasthan. By the introduction of prohibition, the State stands to lose Rs. 2½ to 2.3/4 crores of revenue which it cannot afford to do in its present financial condition. Revenue from opium will, in any case, cease in 1959. (16—8 and 16—9).

CHAPTER 17.

Sales Tax.

The introduction of a multi-point tax at low rates, together with a single point tax on higher turn-overs, may be kept in view and the ground should be prepared from now for the introduction of this system by collecting relevant data. (17—11).

The sales tax on petrol may be increased to annas 6 per gallon. At the same time, tax on diesel oil will have also to be increased to annas 3 per gallon. (17—7).

The levy of surcharge on Central Excise Duties in lieu of sales tax is favoured by the business community. This method should be applied to as large a range of commodities as possible.

Progressive substitution of sales tax by Central Excise surcharges and adoption of a simple and uniform sales tax law in all the States are important reforms needed in the present system. (17—17).

Independent Tribunals should be established for hearing appeals against assessments and orders passed by departmental officers. (17—19).

An Intelligence Section should be organised in the department to collect and analyse information about different types of dealers, receipts from sales of different classes of goods in the State and outside etc. (17—21 and 17—22).

CHAPTER 18.

Other Taxes.

The rates of Stamp Duty have been raised in recent years and stand on a par with those in Punjab but below the rates in force in Madras and Bombay. If necessary, a surcharge not exceeding 25% of the existing duty may be levied on documents of value exceeding Rs. 1,000. (18—9).

Local bodies may be permitted or required to levy a duty on transfer of immovable properties within their jurisdiction. The duty should be collected by Registration Officers when the document of transfer is registered. (18—10 and 11).

The law relating to court fees and valuation of suits may be revised on the lines of the Madras Act XIV of 1955. (18—18).

Rates of taxes on Motor Vehicles were raised in 1956 and again in 1957 and stand at a fairly high level.

As the Central Government has now levied a tax on passenger fares by railway for the benefit of the States, a similar tax on passenger fares by motor buses has to be considered. A tax at $1\frac{1}{2}$ pies per anna value of the fare on selected routes is recommended. (18—22).

Electricity duty.—The Committee consider that there is no scope for the levy of such a duty at present. (18-23).

CHAPTER 19.

Electricity Schemes.

Rural electrification schemes are making slow progress. (19—7).

Construction work on a number of schemes for the rehabilitation and expansion of Thermal Power Houses is incomplete. (19—9 and Appendix 19—1).

The power houses are running at a loss, coal consumption is high and staff is excessive in some cases. (19—10).

The tariff structure is uneconomic and is becoming more so on account of increasing costs of fuel. It is understood that the State Electricity Board will take steps to rationalise the tariff.

When cheaper hydro electric power becomes available from Bhakra and Chambal Projects, hydro electric and thermal power should be pooled and supplied to consumers at uniform rates, to the extent possible. (19—11).

There has been slackness in the collection of Government dues. (19—12).

Coal consignments received at power stations should be regularly checked both for quantity and quality. (19—13).

There are important questions both of development and operation to be tackled by the new Electricity Board (19—14).

CHAPTER 20.

Mineral Resources.

Satisfactory progress is being made in the Central sector for the development and exploitation of the lead and zinc resources of Rajasthan.

Some of the long term schemes of development in the State sector have to be deferred owing to shortage of foreign exchange and other reasons. But proposals for the construction of approach roads to mines and quarries should be implemented as early as possible. (20—5).

It is presumed that the revenue from royalties on mica and gypsum will not be affected by the changes made in the rates of royalty by the Mines and Minerals (Regulation and Development) Act, 1957.

Royalty at 12 mP. per ton may be collected on waste and scrap mica. (20—13).

There is an immediate possibility of increasing the output of exportable minerals, such as, iron ore and manganese, for which there is a growing demand. Prospecting for these minerals should be intensified. The State Trading Corporation of India should be contacted for advice and assistance particularly in the matter of construction of approach roads in the mining areas. It is understood that the Corporation has special funds at its disposal for the construction of such roads. (20—14).

CHAPTER 21.

Other Non-Tax Revenues.

Water Supply Schemes.—Charges for water should be fixed on commercial considerations. Any special concessions given to Municipalities or former Rulers should be met from appropriate budget sources. (21—2).

At Bikaner, Udaipur, Kota and Doongarpur, water rates based on actual consumption should be introduced, in place of existing flat rates. (21—4).

Where feasible, the distribution of water may be entrusted to the municipal bodies, the department confining itself to the production and purification of water and making bulk supply to the municipal bodies. (21—5).

Ganganagar Sugar Factory.—It is desirable to obtain the opinion of competent consulting engineers with regard to the extension project and its present method of execution. (21—7).

Sodium Sulphate.—The proposal to set up a pilot plant for the manufacture of sodium sulphate by refrigeration method deserves high priority. (21—8).

Forests.—There is scope for increasing forest revenue by rationalising grazing fees and seigniorage rates on fuel and charcoal. Proposals are said to have been made by the Department.

In some of the former States grazing of cows was free. There seems to be no need to continue this concession.

The privileges enjoyed by scheduled tribes should be reviewed and, if necessary, revised having regard to the legitimate requirements of the tribal people on the one hand and the interests of forest conservancy and public revenue on the other.

While forest coupes are generally auctioned for working, exceptions seem to have been made in favour of individuals who happened to obtain special concessions in the former regime. It is hoped that no special concession at the cost of public revenue will be continued unless it is legally obligatory to do so. (21—14).

Salt.—Under Clause 8 of the Federal Financial Agreement the Government of Rajasthan is at liberty to enter into negotiations for the modification of rents and royalties payable by the Government of India under subsisting agreements with regard to manufacture of salt. (21—9).

There are salt bearing areas outside the operations of the Central Salt Department. Some suitable land in such areas may be laid out in plots and made available for salt manufacture by private parties. In the light of the experience gained in the course of working the experiment, further steps to develop the industry may be considered as also the question of seeking any modification in the existing salt agreements with the Government of India. (21—13).

Mela Fees.—It should be possible for the Veterinary Department to organise cattle fairs in a larger number of cattle breeding centres. The collection of Mela fees at such cattle fairs should prove a source of substantial revenue to the State. (21—15).

CHAPTER 22.

Increase of Revenue.

In this Chapter brief observations are made on the incidence of taxation and on the undesirability of increasing tax rates steeply or frequently. Tax payers at all levels must feel that the proceeds

of taxation are prudently utilised. The glamour of planning should cease to be an excuse for extravagance. (22—2 and 22—3).

With these observations, further possibilities of tax effort are recapitulated, indicating the approximate yield of the several measures of taxation. (22—4).

The importance of prompt collection of Government dues and efficient administration of fiscal laws is stressed. (22—5).

The development of irrigation under the new projects requires special effort. (22—10).

The work of determining betterment charges has to be expedited by appointing, if necessary, a few whole-time officers as members of the Boards set up for this purpose. (22—11).

It is desirable to recruit for the department of Excise and Taxation one or two officers with experience of sales tax administration in other States. (22—12).

PART III

Economy in Government Expenditure.

The question of economy in Government expenditure is considered in relation to (1) organisation and cost of public services (Chapter 23), (2) Construction Works (Chapter 24), (3) Purchase of Stores (Chapter 25) and (4) Development Schemes (Chapter 26).

CHAPTER 23.

Cost of Public Services.

The cost of establishments is relatively high in Rajasthan and accounts for nearly one-half of the revenue budget. (23—1). The size of the establishments has to be constantly watched. Sanctions for continuance of existing temporary staff and more particularly for new staff should not be given without very careful scrutiny. (23—3 and 23—4).

The Annual Administration Reports of the Departments should be reviewed by Government and published for general information. (23—5).

Establishment of Class IV Government servants has to be reviewed. Further recruitment to this cadre should be suspended. (23—7).

The question of reducing a number of revenue districts and Tehsils has been long pending. Over four years ago assurances were given to the Gadgil Committee that it would be dealt with in six months. This question has to be settled as early as possible. (23—11).

Further steps should be taken for decentralisation and improvement of work in the Secretariat. Special Officers in the Secretariat, if they have to be continued at all, should be assigned definite duties, to be completed within a fixed time. The post of Special Officer in connection with Jagirs is unnecessary. (23—12 to 14).

The division of administrative functions between the Board of Revenue and the Revenue Secretariat leaves the district administration without efficient and co-ordinated direction. The reconstitution of the Board on the model of the Boards of Revenue in Madras and Andhra Pradesh is suggested so that it may serve as an effective supervising agency.

The posts of Director of Relief and Commissioner of Devas-thans and Dharmapura may be abolished, and their duties entrusted to the Members of the Board of Revenue. (23—15 and 16).

The State Government might divest itself of appellate and revisional powers and entrust them to a separate appellate tribunal. (23—17).

If the posts of Divisional Commissioners are to be retained, these officers may be assigned additional duties e.g. the development and control of all Local Bodies. The posts of Director, Local Bodies and Chief Panchayat Officer would then be superfluous and may be abolished.

Commissioners should also be specially asked to co-ordinate and evaluate development schemes, to scrutinise and countersign completion reports of important irrigation and road works, and more particularly to give personal attention to the development of irrigation in new project areas. (23—19).

The jurisdictions of Commissioners may be re-arranged so as to secure the abolition of one or perhaps two divisions. If this is not possible, the posts of Additional Commissioners may be abolished. (23—19).

The working of the Court of Wards should be placed on a no-profit no-loss basis. (23—20).

Steps should be taken to reduce the staff of the Settlement Department. (23—21).

The Jagir Commission should be re-organised and a Financial Adviser directly responsible to the Finance Department of Government, should be appointed, dispensing with one of the posts of Additional Jagir Commissioners. (23—22).

The term of the Khudkasht staff which expires on 20-2-1958 need not be extended. (23—23).

In District administration, pending the separation of judiciary from the executive, officers entrusted with magisterial and revenue judicial work should not be assigned executive duties. (23—24).

In the Police Department, the reduction of four posts of District Superintendents of Police, one post of Deputy Inspector General of Police, conversion of certain Sub-Stations into Out-posts and abolition of certain Out-posts are suggested. (23—25).

The Department of Industries should play a more active role in the promotion of medium and large scale industries. Its miscellaneous activities should be integrated by pooling funds, personnel, agencies of supervision and marketing arrangements in respect of activities directed by All India Boards.

There should be well qualified technical officers for each of the main lines of activities and the purely administrative personnel should be kept at a minimum. The Head of the Department should, if possible, be a person with an industrial or business back-ground. (23—27).

The District Industries Officers may be employed in conducting industrial survey of the State for which Rs. 10 lakhs is provided in the Second Five Year Plan. (23—28).

The activities of the Inspectors of Weights and Measures have to be regulated so as to ensure a proper out-turn of work and, if possible, some increase of revenue. (23—29).

In the Department of Agriculture, the strength of the staff sanctioned for Food, Statistical, Publicity and Marketing schemes has to be examined with reference to the quantity and value of work turned out. (23—30).

Labour Department.—The posts of Medical Inspector of Factories and Lady Labour Welfare Officer may be abolished (23—31).

Devasthan.—In the Department of Devasthan and Dharm-pura, a large measure of decentralisation combined with adequate financial control to prevent misuse of funds, is needed. (23—32).

CHAPTER 24.—*Construction Works.*

A technical-cum-economy audit for selected works is suggested. (24—2).

Completion reports of large works of building, road construction and irrigation should be countersigned by the head of the department concerned or by the Divisional Commissioner or Collector. (24—3).

The evaluation of well works executed by the Rural Water Supply Boards should be completed for at least a few typical tehsils. (24—5).

The time allowed for the submission of tenders for execution of works should be suitably extended. (24—6).

CHAPTER 25.—*Purchase of Stores.*

Many instances of financial irregularities are mentioned in the reports of the Public Accounts Committee. They disclose an astonishing state of financial indiscipline for which the remedy is obvious and lies in the hands of Government. (25—2).

The Department of Agriculture should purchase improved varieties of seeds for distribution only from bona fide registered growers. (25—3).

There should be no difficulty in setting up a Central Purchase Organisation for the State. This will obviate many of the serious irregularities now occurring. (25—7).

All articles for which rate contracts are made by the Director-General, Disposals and Supplies, Government of India should be purchased only at contract rates. (25—9).

Blanket and last minute sanctions for purchases should be avoided. (25—10).

To prevent rush of purchases at the close of the financial year, departments should be made to understand that funds which lapse

owing to failure to complete purchase or payment before the 31st March for unavoidable reasons would be placed at their disposal in the following financial year. (25—11).

CHAPTER 26.—*Development Schemes.*

With regard to Community Development and National Extension Service, the constructive proposals made by the Balwant Rai Mehta Team deserve serious attention. (26—2 and 3).

There is no need for the Social Education Organisers in the Community Development Organisation. (26—4).

The work of the Social Welfare Department needs overall review and assessment. (26—5).

The activities of the Social Welfare Department which pertain to the Education, Industries, Medical Departments, etc. should be transferred to the respective Departments. (26—6).

Production-cum-Training Centres should not be opened or continued unless an adequate intake of trainees and proper instructional arrangements are assured. (26—8).

All institutions for imparting technical education below University level should be placed under the control of the Industries Department. (26—9).

There is no need for establishing new Labour Welfare Centres or Employment Exchanges. (26—11 and 12).

The scheme for consolidation of holdings as now planned is likely to involve the State in heavy financial liability. It is better to carry it out on a limited scale in the first instance, and then extend it, if financial and practical results justify. (22—16).

The appointment of Public Relations Officers and Statisticians in the Districts is premature. The co-ordination of publicity and statistical cells in the several departments will obviate overlapping and possibly result in economy. (26—17).

The tendency of departments to ask for separate staff for every scheme without reference to the work load of existing personnel should be discouraged. (26—19).

The appointment of a Board of Industrial and Mineral Development is suggested to establish closer contacts between State

and private agencies for the initiation of schemes of development. (26--21).

It is considered desirable to set up a planning body (in place of the existing consultative machinery) to give adequate attention to Planning problems and evaluation of progress. The District Planning Committees should be consulted in drawing up district programmes. They should be enabled to maintain continuous contacts with the Planning organisation at the State level.

Schemes should be finalised in all details before they are included in the budget and funds required for their implementation should be made available at the commencement of the official year and not later than May in any case. (26—22).

The increase in the number of School Inspectors and the uneven distribution of work amongst them needs review (26—18).

PART IV

Assets and Liabilities.

CHAPTER 27.—*Investments.*

Cash investments inherited from the former covenantee States amounted to Rs. 18.28 crores. By reason of transfer of some of the securities to the Government of India under the Federal Financial Agreement (Rs. 2.61 crores) and the sale or realisation of others, their value stood at Rs. 15.16 crores on 1st April, 1957. (27—2).

The gilt edged securities have been pledged to the State Bank of India against overdraft credit amounting to Rs. 10.63 crores on 1-4-1957. (27—4).

Investments in Company shares amounted to about Rs. 240 lakhs. Investments of the value of Rs. 220 lakhs are said to be reasonably safe though not presently remunerative in all cases. (27—7).

The Public Accounts Committee has often urged the need of continuous vigilance to ensure the soundness of the concerns in which public funds are invested. (27—9).

CHAPTER 28.—*Major River Valley Projects.*

These projects represent the largest investments of the Government of Rajasthan in productive works.

Bhakra Nangal Project.

On the irrigation part of the undertaking, the outlay at the end of the Second Five Year Plan is estimated at Rs. 3042 lakhs including interest and the net receipts at Rs. 22 lakhs. This is not an adequate financial return but if the irrigation potential (5.70 lakh acres) is realised, the benefit to the State would be substantial. An area of 1½ to 2 lakh acres has already been brought under effective irrigation. (28—6 and 7).

The achievements and prospects of the Power Section of the undertaking are not satisfactory.

Two power stations with a capacity of 72,000 K.W. are in commission at Nangal. All the available power is being utilised by Delhi and Punjab. Rajasthan's share on the basis of present generation is about 5,000 K.W. A major portion of this power could have been utilised by the State if the Punjab Public Works Department had completed the transmission lines to Sri Ganganagar and Rajgarh. There have been delays in the construction of the lines. The present expectation is that they would be completed by July—August, 1958. It would seem that in implementing this scheme, priority has been given to the supply of power to Delhi and Punjab and the requirements of Rajasthan have received scant attention. At one stage, Rajasthan's portion of the project (power) was excluded from what has been described as the "Core of the Plan".

There are some features of the working arrangement with regard to supply of power which require examination. These are briefly indicated in paragraphs 28—12 to 28—15.

Chambal Project.

The arrangements for the sharing of costs and benefits follow the general principles adopted in the case of the Bhakra Nangal Project, but the working arrangements are simpler. (28—18).

Adequate arrangements should be made for the development of the areas when irrigation facilities are available. Action should be taken in time to evolve suitable crop patterns and to deal with the problem of water logging should it arise. There should be unified direction at the Secretariat and Ministerial levels. (28—21).

Rajasthan Canal Project.

An area of 16.844 lakhs acres is expected to be benefited in Rajasthan State without storage and 26.2 lakh acres with storage.

From the eleventh year of its commencement the return is expected to be 1.2%, increasing ultimately to 4.58% in the twenty-third year.

A development Board consisting of an Administrator, an Engineer and an Economist should be constituted and made responsible to carry out a planned socio-economic development of the Rajasthan Canal region. (28—23)

CHAPTER 29.—*Loans and Advances made by the State Government.*

The total balance (nearly Rs. 11 crores) is analysed and the need for the recovery of loans and advances as they fall due is emphasised.

Care has to be taken that the loans given for developing small scale and cottage industries are not misapplied.

Special loans of large amounts should, as far as possible, be obtained from institutions which have been set up for the express purpose of financing industries. The note attached to this chapter deals with loans given to Displaced Persons.

CHAPTER 30.—*Debt Position.*

The interest bearing liabilities under all heads on 31-3-1957 amounted to Rs. 67.69 crores while the interest yielding assets stood at Rs. 26.97 crores. Capital expenditure incurred outside the revenue account amounted to Rs. 53.79 crores (30—1).

The balance of Central loans outstanding on 31-3-1957 was Rs. 46.45 crores. The Central loans had been obtained for a variety of purposes and at varying rates of interest and were repayable according to the terms stipulated in each case.

As a result of the recommendations of the Finance Commission rates of interest and the period of repayment have been standardised

and this has greatly helped to ease the debt position of the State. (30—7).

Loans for the rehabilitation of displaced persons (Rs. 334.35 lakhs) cease to be a part of the State's public debt. (30—4).

It is estimated that the debt liabilities of the State in 1960-61 would amount to Rs. 110 crores on account of Plan expenditure and otherwise, involving annual interest charges of Rs. 330 lakhs. The whole of these charges will have to be met by actual payment, as with the completion of the multi-purpose projects, the present practice of adding interest on outlay to the capital cost will cease (30—11).

CHAPTER 31.—*Outlook.*

The Finance Commission's award has greatly improved the revenue resources of the State. But the situation does not permit any relaxation of tax or economy efforts. The Commission has also stressed the importance of tightening up the machinery for collection and the recovery of overdue arrears. The prospect of having to meet a large increase of interest charges on public debt should be kept in view. If the revenue budget is to be balanced, as the Commission rightly insist, it is feared that this may not be possible during the latter part of the Plan period unless, with the greatest restraint in administrative expenditure, development expenditure is also controlled and "adjusted to the available resources."
